

## Drive on cities to be headed by Thatcher

By Robin Oakley, Political Editor

The Government's blitz on the problems of the inner cities has resulted in the Department of the Environment under Mr Nicholas Ridley being given the biggest legislative programme of any department within living memory.

The environment team, who have been awarded an extra minister in the latest reshuffle, will have to push through in the coming 15-month session major Bills to implement the community charge for all adults to replace domestic rates, a housing Bill to enable council tenants to opt out and choose private sector landlords, a local government Bill forcing councils to put out many services to competitive tender and a Bill authorizing the introduction of household water meters. This will ease the way for the privatisation of the water

authorities. Mrs Margaret Thatcher is to take charge of the Cabinet committee co-ordinating the efforts of the environment, industry, Education, Employment and home departments on the inner cities and there will be linked teams of ministers and officials to tackle inner city problems, the key theme of Mrs Thatcher's third term.

Urban development corporations will be given wide powers to take over the housing and planning functions of unco-operative or inefficient local authorities within large chunks of the

inner cities, with mini-corporations doing the same thing in smaller towns. They will be able to demolish buildings, clear derelict land and revitalise the environment to attract employers back to the inner cities.

The aim will be to entice entrepreneurs and workers back to northern cities in particular by building housing and providing schools that they would wish to send their children to.

In a double-pronged attack the Government plans to destroy the power of left-wing authorities which it believes have driven away employers with high rates, poor amenities and an anti-business ethos by ensuring that ratepayers force them to spend much less.

Ministers have not been deterred by the huge Conservative losses in Scotland at the general election, where the Tories saw 11 of their 21 seats swept away, after the passing of a law instituting the community charge there as a substitute for domestic rates. They intend to press on with

introducing the system to England and Wales within three years.

By making every adult pay towards the cost of local services, instead of only householders and businesses, the Government believes that councils will be forced to be much more accountable to those who pay for their services and so will reduce their spending.

Mr Ridley forecast yesterday that the introduction of the unified business rate could see business rates fall by as much as 40 per cent in the North of England. This would provide a considerable stimulus to business to move north and so to recreate employment opportunities.

Mr Ridley also confirmed the Government's policy over those on housing benefit. They would be charged 20 per cent of their community charge, but their benefit would also be raised by a national average of 20 per cent of the community charge. There would be some losers and some winners and those in high spending areas would have the same interest as others in seeking to curb the expenditure of local authorities.

In effect Mr Ridley gave a warning that ratepayers had three years, before the new system was introduced, to get their local authorities to spend less so that they did not start with high community charges in their area. He gave an example of those living under the Inner London Education Authority, whose expenditure levels would require a surcharge of £245 for every adult over and above what the Government regarded as justified under its grant related expenditure if the system were in effect now.

Continued on page 24, col 1

## SDI bonanza fails to appear

By Martin Fletcher, Political Reporter

The predicted "bonanza" for Britain from participation in the controversial American Star Wars research programme has failed to materialise, a Tory-controlled committee of MPs said yesterday.

Though British support was politically vital to America in the early days of the Strategic Defence Initiative (SDI), Britain had won contracts worth just \$34 million (£21 million) by March this year compared with original predictions of up to £1.5 billion overall.

Nor, because America was tending to exclude British companies from "operationally sensitive" work, were there likely to be the great technological spin-offs forecast.

The report, agreed by the powerful Defence Select Committee shortly before the election, will cause considerable embarrassment to the Government. It comes close to questioning the wisdom of British participation in a programme which many argue will fundamentally destabilise superpower relations.

It said the debate on the merits of British participation had now to be conducted in a different context. The "national" economic benefits put "in an altered perspective" some of the arguments for and against. The strongest argument in favour was now the need to stay abreast of developments in strategic defence which might threaten the credibility of Britain's nuclear deterrent.

The committee, chaired by the Tory MP Mr Michael Mates, also warned the Government against accepting the "broader" interpretation of the 1972 Anti-Ballistic Missile Treaty being proposed by the United States to allow it to develop and test Star Wars systems.

All British work on SDI to date fell within the "narrow" interpretation which permits research only. The Government should "ensure that this continues to be the case, even in the event of the US ceasing to abide by that interpretation".

The \$34 million worth of contracts won by Britain since December 1985 is expected to rise to \$100 million by the end of the year, but the committee said that even that represented just 1.56 per cent of the total US SDI budget for 1986 and 1987.

It recalled the assertion of Mr Michael Heseltine, Defence Secretary when the Anglo-American Memorandum of Understanding on co-operative research was signed, that "Britain was not going to be in the penny-packet business. It is not good thinking we are just going to have £1 million here or £100,000 there... This thing has got to be done on a scale commensurate with Britain's industrial base."

Defence Select Committee: The Implications for the United Kingdom of Ballistic Missile Defence. HMSO £12.20.



The Princess of Wales in a silk crepe de Chine suit at Ascot yesterday. Report page 24.

## Jobless below 3 million in record monthly fall

By Robin Oakley, Political Editor

Unemployment has fallen below three million with the biggest monthly fall since figures began to be recorded in 1948.

The news was announced yesterday by Mr Norman Fowler, the new Secretary of State for Employment, at the first big gathering of school ministers since the election.

As the "good news" Cabinet discussed the shape of the legislative programme for the Queen's Speech on June 25, Mr Fowler was able to tell other ministers that the unemployment figures had at last dipped below three million for the first time since July 1984.

The record fall, the eleventh monthly drop in a row, took the total down to 2,986,453. At the same time the Cabinet heard that manufacturing output was 1 per cent up over the past three months.

The previous day's announcement of record gas profits and a price cut for consumers was followed by more news of mortgage interest reductions and record profits from another privatized former state industry, British Telecom.

Ministers were attributing the record fall in the jobless totals to the employment-creating impact of the Budget tax cuts.

While they were being careful not to crow over a single month's figures there was no doubt of the sky-high confidence of Mrs Margaret Thatcher's team after their convincing election success.

There will, consequently, be no trimming on the more radical edges of the Conservative election manifesto.

Mr Fowler yesterday gave a particular welcome to the fall in the number of long-term unemployed and to the fact that the reduction in unemployment was spread over nearly all regions.

It knocked on the head, he said, "the sketch of a great division between the North and South and Midlands".

Mr Fowler said: "The figures reflect the strength of the economy, the strength and recovery of industry and further productivity by industry."

But he was careful to add: "We should not in any sense be complacent. It is an encouraging start but we have to do more. We cannot afford to relax."

The Cabinet yesterday heard details of a legislative programme which will include three Bills from the Department of the Environment, on local government, housing and rates; the reintroduction of the Criminal Justice Bill, most of which was lost on dissolution of the last parliament; and the key Education Bill, allowing schools to opt out of local education authority control.

● The TUC yesterday reacted coolly to the employment figures. Mr Norman Willis, general secretary, said: "This fall would have been more significant if it had not followed on the heels of 19 changes in the way the figures are calculated."

Leading article..... 17  
Jobless fall..... 25

## Britain orders out 15 Iranian envoys

By Andrew McEwen, Diplomatic Correspondent

The Foreign Office yesterday advised Britons living in Iran to "consider" their position and said British businessmen should cancel trips there as relations between the two countries plunged almost to freezing point.

The warning came after Britain ordered 15 Iranian diplomats to leave by June 30, with only one Tehran envoy remaining in place.

All but about 30 of the estimated 200 Britons in Iran are married to Iranians.

It was the firmest action taken by Britain against any country since breaking diplomatic relations with Syria in October. Sir Geoffrey Howe, the Foreign Secretary, said yesterday that the door was open to Iran for improved relations in future, but only on a new basis.

Britain proposed that from the end of the month both Britain and Iran should retain

one representative as a caretaker with no diplomatic role. It was not clear yesterday whether Iran would agree to this.

If neither country further escalates the 22-day row, diplomatic exchanges would still be possible in third countries.

Britain's steps were announced hours after the safe return of the third group of British diplomats in four days. Mr Christopher MacRae, head of the British Interests Section, stayed behind but will leave by the end of the month. Mr Paul Ramsay, aged 31, a visa officer, will act as caretaker of Britain's two large compounds in Tehran.

Sir Geoffrey's decision was seen as a final reaction after three weeks of frustration over the beating and arrest of Mr Edward Chaplain, a First Secretary, followed by Iran's refusal to explain or apologize.

Continued on page 24, col 3

## Israel and China in arms link

By Robert Fisk, Middle East Correspondent

Israel is secretly sending military technicians to Peking to refit and modernise hundreds of Soviet-made tanks and heavy artillery for the Chinese Army.

The Israeli personnel, many of them working for commercial weapons companies, are flying to China with the tacit permission of the Israeli government. They are upgrading the Russian tanks with new fire-control systems, laser range-finders and, in some cases, new guns.

China is now one of Iran's principal arms suppliers in the Gulf War selling Soviet-made equipment to the Iranian Army and despatching guns and shells by sea to Bandar Abbas.

Israeli sources say that the secret mission to China has been in operation for well over

## BBC orders an inquest into poll 'errors'

By Paul Valley

The BBC has launched a high-level inquiry into its coverage of the General Election to discover why its opinion polls were so inaccurate and why its broadcasting of the results was behind that of ITN.

The inquiry is being conducted by the new Deputy Director-General, Mr John Birt, who assumed his post - which has special responsibility for news and current affairs - only three weeks ago. It will take advice from a leading independent academic.

The inquest was announced yesterday by the corporation's Director-General, Mr Michael Checkland, at a press conference called to announce the results of his reshuffle of senior BBC management. These include the appointment of Mr David Hatch as Managing Director Network Radio, and of Mr Michael Grade as Managing Director Network Television. A Methodist minister, the Rev Colin Morris, a former head of religious programmes, is to become Controller, Northern Ireland, and the BBC is to have its first Director of Corporate Affairs to improve relations with Parliament, the press and the public.

Mr Checkland said that the examination into the election coverage would focus on the failure of the much-vaunted *Newsnight* polls in key marginals, on the inaccuracy of the BBC prediction at 10pm when the polls closed, and on the speed with which ITN broadcast results.

There was, as yet, no indication of the reason for the failure of the polls. The BBC exit poll predicted a Conservative majority of only 26 in contrast to the ITN forecast of 68 and the result of 102.

He said there was much grumbling within the BBC

about "cheating" by ITN. "We took a policy decision not to broadcast any result until after it had been announced by the returning officer." But in all other respects the coverage had been good. He disagreed with criticism that the election coverage had been excessive.

The effect of Mr Checkland's management changes will be to streamline the power structure at the heart of the BBC but to decentralize many decisions. The personnel changes are much as has been predicted. Mr Hatch takes up his post on August 14 but Mr Grade will wait until early next year when Mr Bill Cotton, the present Managing Director of Television, reaches retirement age.

The BBC board of management is reduced from 12 to 10 with the posts of Assistant Director-General, directors of programmes for radio and television, and Director of Public Affairs to be abolished. This would create a small but strong team to draw up a five-year plan to cope with the government's decision to raise the licence fee only in line with the retail price index and to deal with its demands that the BBC should begin to buy programmes from independent producers.

The streamlined management structure would allow key individuals to concentrate on their major areas of responsibility, he said. To this end an elevated status was being given to the new post of Managing Director, Regional Broadcasting, which goes to Mr Geraldine Stanley Jones. The post of Director of Corporate Affairs would be authorized. Controllers of BBC1 and BBC2 would be appointed in the autumn.

## Minister acts to open disused sports centre

By John Goodbody, Sports News Correspondent

As a result of disclosures in *The Times*, Priest Hill Sports Centre, in Ewell, Surrey, which has fallen into disrepair after being unused for five years can now be leased by local authorities and clubs, Mr Colin Moynihan, the Minister for Sport, said yesterday.

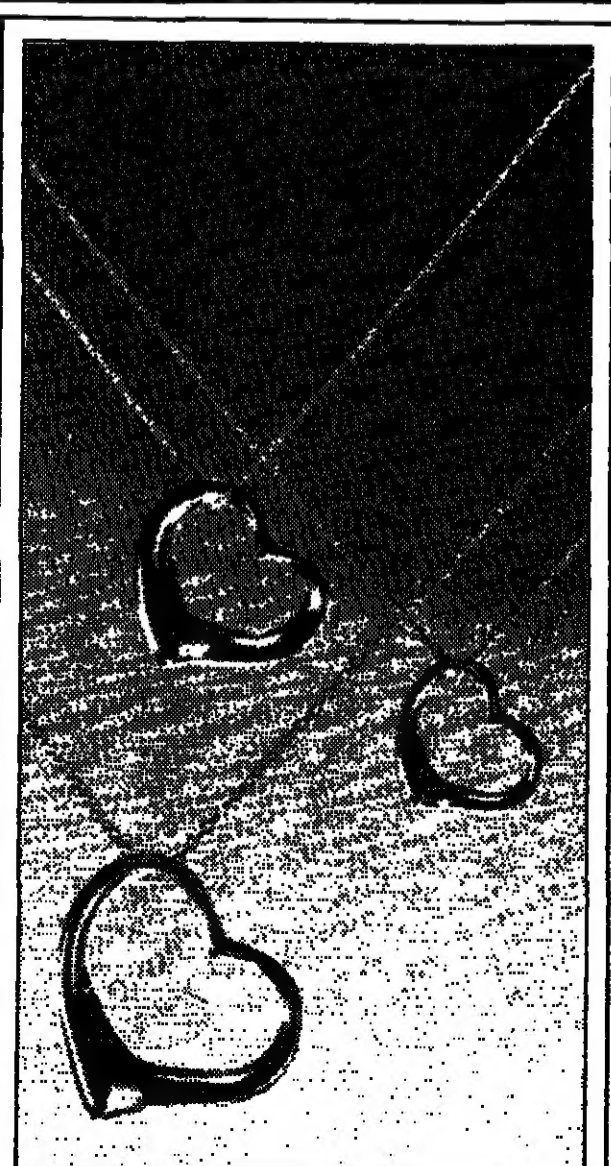
"The centre will be back into use as soon as possible," Mr Moynihan said after discussions with its owners, the London Residuary Board (LRB), which has agreed that clubs can have short-term leases to use the facilities.

Mr Moynihan said that he had been "very concerned" by this week's revelations in *The Times* over Priest Hill, which has 30 hard tennis courts, 18 football, nine rugby and eight

hockey pitches, nine cricket squares, three pavilions and two houses.

The centre was sold to the Greater London Council (GLC) by the Inner London Education Authority in 1984 when it was decided that it was inefficient to transport children from London to the centre. It reverted to the LRB, appointed by the Government to dispose of property, when the GLC was abolished.

Mr Moynihan said: "It is particularly important to make maximum use of sports facilities around the country. We now have the green light, in principle, from the LRB and I understand the facilities can be used pretty quickly."



TIFFANY & Co.

Exclusive designs by Elsa Peretti for Tiffany & Co

18 carat gold open heart pendant on 30" chain £510  
18 carat gold open heart pendant on 18" chain £365  
18 carat gold open heart pendant on 16" chain £285

25 OLD BOND STREET, LONDON W1X 3AA. TEL. 409 2700

## Warning on police resources

By Stuart Tessler, Crime Reporter

The tasks facing the police are now so enormous they may have to abandon some of the time honoured traditions of British policing, the leader of the country's chief constables warned yesterday.

Mr James Anderson, Chief Constable of Greater Manchester, and president of the Association of Chief Police Officers, was speaking to his colleagues at their annual summer conference.

He said: "So daunting are the tasks confronting the police today, the time may come, unfortunately, when police officers will not be able to offer the level of service to the community which is still largely taken for granted."

Prison population, page 5

## IN PART 2

### £2bn Telecom

British Telecom's decision to waive profit-sharing payouts to staff because of January's industrial action helped to push profits above £2 billion last year..... Page 25

### Athey's 100

Bill Athey hit a maiden Test century as England scored 231 for four on the first day of the second Test against Pakistan at Lord's..... Page 48

### Tripes results

Cambridge University Tripos examination results published today include chemical engineering, archaeology and social anthropology..... Page 29

## TIMES FOCUS

Japan, now an economic world power, has begun to play an active part in wider political issues  
Special Report, pages 33-40

## Portfolio Gold

● There is £8,000 to be won in today's Times Portfolio Gold competition, double the usual amount as there was no winner yesterday.  
● Portfolio list, page 31.

## INDEX

|                           |            |
|---------------------------|------------|
| Home News                 | 2-7        |
| Overseas                  | 9-13       |
| Business                  | 25-31      |
| Sport                     | 44-48      |
| Arts                      | 49         |
| Births, deaths, marriages | 20         |
| Business to business      | 32         |
| City Diary                | 27         |
| Court                     | 18         |
| Crosswords                | 14, 24     |
| Diary                     | 16         |
| Entertainment             | 22         |
| Features                  | 14, 16, 21 |
| Information               | 41         |
| Law Report                | 17         |
| Leading articles          | 17         |
| Letters                   | 17         |
| Motoring                  | 42-3       |
| Obituary                  | 18         |
| Sale Room                 | 18         |
| Science                   | 23         |
| TV & Radio                | 29         |
| University results        | 24         |
| Weather                   | 29         |

\*\*\*\*\*

## Remarried teachers 'must quit Catholic jobs'

By John Clare, Education Correspondent

Teachers in Roman Catholic schools who have divorced and remarried claimed yesterday that they are coming under increasing pressure to resign their posts.

A total of 30 teachers in Catholic schools in England and Wales are understood to be facing dismissal. One of them, who asked to remain anonymous, said: "We're very frightened of losing our jobs. We've been told to keep our mouths shut."

So far, the only case to have emerged publicly is that of Mr Tony Baker, a remedial teacher at Our Lady's High School, a Catholic voluntary-aided comprehensive in Lancaster.

He was head of the lower school until last Christmas, when he remarried and was immediately dismissed.

Now, in spite of the opposition of many parents, he is expected to be dismissed at a school governors' meeting next week.

He is accused of violating a clause that was written into the contracts of teachers in Catholic schools in 1980. It says that a teacher should not behave in a manner "prejudicial or detrimental" to the church's teachings.

The three biggest teaching unions, which together represent 90 per cent of classroom teachers, opposed the clause. Mr Peter Smith, deputy general secretary of the Association of

Masters and Mistresses, which is representing Mr Baker, said: "The clause gives a dangerous carte blanche to Catholic authorities to take draconian steps against teachers."

He added: "Sensitive questions like this cannot be contractually determined. We are not questioning the church's views on divorce. We're asking if the church's actions are charitable or humane."

Mr Mike Power, deputy secretary of the Catholic Education Council, the body that advises the Catholic hierarchy in England and Wales, said: "Any teacher in a Catholic school who is publicly living a life inconsistent with the teachings of the church should seek pastures new."

He added: "We endeavour to be

charitable. Most teachers in this position have the good sense to resign."

Many of the teachers who fear that their jobs are at risk work, like Mr Baker, in voluntary-aided Catholic schools in the Lancaster diocese.

Father Alban Cochrane, secretary of the Lancaster diocesan schools commission, said: "There is no point in people belonging to an institution if they are not going to abide by the rules."

"No one is forced to teach in a Catholic school."

Lancashire County Council, which is the local education authority, said the council had the power to prohibit the dismissal of a teacher without its consent.



## Civil Servants set on pay action

Leaders of the two biggest Civil Service unions claimed yesterday that the breakdown of pay talks with the Treasury had made their members even more determined to pursue their campaign of industrial action in support of a £20 a week or 15 per cent pay rise.

Yesterday Department of Health and Social Security and unemployment benefit offices throughout Scotland, north-east England and Northern Ireland were closed.

## Ferries 'unsafe'

Defects in safety procedures on two cross-Channel ferries were alleged on the BBC2 programme, *The Travel Show*, last night.

It was claimed that, among other faults on the Townsend Thoresen ferry, *Free Enterprise*, no safety certificate was displayed and an emergency exit was marked "No entry to passengers".

Among the faults found on a ferry, the Versailles, owned and operated by the French railways, were an emergency exit from the bar marked "Emergency exit" on both sides.

## Drugs battle

International co-operation in the battle against drugs is a necessity not a luxury, Mr Douglas Hogg, Under Secretary of State for the Home Office, told the International Conference on Drug Abuse in Vienna yesterday.

Britain, he said, had taken the lead in passing legislation to enable drug traffickers' assets to be confiscated.

"The UK is fully committed towards working for a rapid completion of a convention which could be ratified by the largest possible number of governments", he said.

## Aids death toll

An estimated 24 people died in May after contracting Aids and 41 new cases were diagnosed, according to the latest figures released by the Department of Health and Social Security. This brings the total number of known Aids cases in the United Kingdom up to 791, of whom 444 have died since figures were first collected in 1982.

## Brink's trial

Seven people, including the former wife of a man convicted of the Brink's Mat robbery, were sent for trial by Lambeth magistrates yesterday accused of conspiring to handle proceeds of the raid.

They are Jacqueline McAvoy, 33, who divorced Michael McAvoy after he was sentenced to 25 years; Michael Relfon, 49, a solicitor; Brian Ferry, 48, a company director; Michael Osborn, 44, a car dealer; John Elcombe, 39, and his wife, Anne, 38, and Stephen Donovan, 34, a property dealer.

## Terrorism telephone

The Royal Ulster Constabulary is expanding its confidential telephone system to combat terrorism.

Five new numbers have been added and a further two are planned to a system introduced 15 years ago.

Last year there were more than 2,000 calls on lines outside Belfast compared with 800 in 1985. An estimated 10 per cent contain information about terrorism.

## Rescuer's medal

A woman who beat off a knife attack and attempted robbery was presented yesterday with one of the highest civilian awards for bravery.

Mrs Janet Ambler of Farnfield Court, Mansfield, Nottinghamshire, who was herself threatened at knifepoint when she went to help the victim, a woman aged 94, received the Provincial Police Award Gold Medal.

## Poodles trapped

Firemen who answered an emergency 999 call found dozens of neglected, starving and dead poodles trapped in a house in Lingfield, Surrey.

More than 30 of the poodles were still alive in the house in Station Road but about a dozen others had died. Miss Dorothy Clifford, aged 62, their owner, denied she had starved or neglected the dogs.

# Hospital priorities wrong, warns health chief

By Jill Sherman  
Social Services  
Correspondent

The Government should spend more money on acute hospital services and less money on priority services for the mentally ill, the mentally handicapped and the elderly, a leading health authority chairman said yesterday.

Mr Arthur Taylor, chairman of the National Association of Health Authorities, said the Government's policy of directing more money to groups such as the mentally ill should now be re-assessed.

The policy introduced in the mid-1970s meant that most regional health authorities asked their districts to contribute half a per cent or even one per cent of their annual budget to a regional pool for these "Cinderella" services.

"Some districts, who are now having difficulties funding their acute services but have well developed priority services, are now finding that they contribute to the pool but get nothing in return", Mr Taylor said.

Speaking at NAHA's annual

Nearly 100 British nurses snapped up glossy brochures at the international Nursing Job Fair in London yesterday as hundreds searched for life after the National Health Service in the glittering private hospitals of America.

They chased up to 1,000

general meeting in Bournemouth yesterday, Mr Taylor said that his own district health authority, Newcastle, upon Tyne last year had to find £600,000 for the regional pool for priority services but

jobs from Fort Worth, Texas, to New York.

As Nurse Penny Bonner, aged 23, looking for a hospital "not too far from the sea" in America, said: "The angel image...after a while it wears a bit thin".

only received £175,000 in return.

"Acute services in Newcastle are being squeezed to a critical level. How long can the Cinderella services continue to be a priority?"

Mr Taylor's argument, which brings into question the current policy of providing community care for the elderly and the mentally ill, underlines the increasing burden now being felt by teaching districts faced with treating more patients.

Mr Taylor also supported the introduction of an internal market into the health service where health authorities could cross charge each other.

Patients should be offered the opportunity of having the earliest possible treatment for their problems, he said. "If

that means crossing boundaries why should we not recognise it and make provision for it?"

Health authorities yesterday called on the Government to impose limits on the rates charged by medical locum agencies which were now costing the health authorities between £100,000 and £500,000 a year.

Health authorities were now having to rely increasingly on private locums due to the national shortage of junior doctors, delegates at the NAHA conference heard.

## Vote reform is Kinnock's key weapon against left

By Robin Oakley, Political Editor

Mr Neil Kinnock's determination to swing the Labour Party behind a policy of one member, one vote, in the selection and reselection of Labour candidates is a key part of his new struggle to control the far left.

At present, Labour candidates are selected, and Labour MPs re-elected, between 18 and 36 months after each general election, by the general committees of constituency parties.

Normally these should contain around 100 delegates elected by local wards, trade union branches and socialist societies. But the average number of people who took part in the first 206 reselections and deselections in 1984 was just 37.

Labour's mass membership has crumbled over the years and small groups of activists, including members of the Militant Tendency, have been able to take control of constituency general committees, especially in inner city areas.

They were able to choose far left candidates who were unrepresentative.

MPs have been well aware what would happen if they did not toe the line. Although only a handful of Labour MPs were actually deselected in the last Parliament, the higher than average retirement list among Labour MPs before the 1987 election indicated that a number had chosen to get out.

rather than fight an endless running battle against the activists who had seized control.

The poor attendance record of Labour MPs in the last Parliament had much to do with the fact that many were busy protecting their home bases.

The constituency activists have also been able to circulate identical draft resolutions for the party conference, so ensuring that they appear on the agenda.

Labour's adoption of the reselection process marked the high point of the drive by predominantly left wing activists to make the party, in their terms, more "accountable". Their objection was that too many Labour Governments had, on coming to power, watered down or ignored the socialist principles preached in opposition.

The objects to the one member, one vote, lobby say that there are administrative difficulties that the trade unions will lose their influence in local parties and that it is a system designed to protect inadequate MPs.

Mr Kinnock and his associates, notably Mr John Evans, MP for St Helens North, who has headed a Labour working party into potential reforms, say that trade union members who join the Labour party in their own right will have more say than before.

## MPs will not be curbed

By Martin Fletcher, Political Reporter

A committee of MPs has upheld the unqualified right of their colleagues to let off dissent through Commons early day motions, now costing around £500,000 a year.

Regardless of content, they have to be printed in the Commons Order Paper, reprinted each time another MP signs or amends them, and collated into a weekly index.

Last year a record 1,262 such motions were tabled.

This year the number is up a further 25 per cent.

Not a report by the Procedure Committee of the Commons rules out "obviously" as grounds for refusing a motion. It also rejects limiting the number of motions. However to save printing costs, a motion and its amendments should be reproduced in full only for two weeks after being tabled, with a brief weekly update thereafter.

Procedure Committee: Early Day Motions (Stationery Office, £5.20).



By Ruth Gledhill

The building society robber captured on this still from a security camera video escaped with a bag stuffed with £2,500.

Police wish to question Mr Malcolm Fox, aged 39, who disappeared from his home when a series of raids on building societies began more than two months ago.

In the raids in Bristol, Somerset, Exeter and Paignton in Devon and Weymouth, Dorset about £10,000 has been taken.

The robber has made no attempt to disguise himself. But police say he has been successful because he works quickly and is not tempted to stay too long.

He always waits until the building society is empty of customers before walking in and threatening a cashier with a gun.

Mr Fox, who had disappeared from his home in Fishponds, Bristol is believed to be driving a white Ford Escort with the registration number C962 KON.

## Falklands troops cut

# Sovereignty talks ruled out

By Michael Evans, Defence Correspondent

The decision to cut the number of infantry troops guarding the Falkland Islands airport at Mount Pleasant to about 200 will not be matched by new diplomatic moves to end the sovereignty dispute with Argentina, Foreign Office sources said yesterday.

The decision by the Ministry of Defence will bring the number of servicemen based in the South Atlantic to about 2,000.

It will take place next month when a reinforced company of about 200 men from the 1st Battalion Devon and Dorset Regiment will replace a full battalion of about 600 men from the 2nd Battalion Royal Irish Rangers.

After the completion of the all-weather Mount Pleasant airport in the spring and the transfer of all servicemen to accommodation at the air base, a final assessment of the threat posed from the mainland was carried out before it was agreed to cut the infantry by about 400.

The main focus of the defence of the islands rests

with the four Phantom aircraft, Rapier air defence missiles around the airport and the Royal Navy presence. The Navy is believed to have one frigate and one submarine.

The seven Harrier aircraft which used to support the Phantoms were withdrawn last year. But there is still a large squadron of helicopters.

The 2,000 servicemen still on the Falklands include a large ground support staff for the Mount Pleasant airfield, gunners, mechanical engineers and signals units. There is also a company of soldiers on South Georgia.

The reductions that are being made in the garrison strength will help the overall costs of the Falklands defence to come down in 1989/90 to £104 million, although another £20 million has been budgeted for the continuing replacement of equipment lost in the 1982 conflict.

Yesterday Mr George Foulkes, Labour spokesman on foreign affairs, said he hoped that the Government would now also begin talks

with Argentina on the future of the islands.

But Foreign Office sources said that there were no moves to reopen talks with Argentina. Previous attempts have broken down because of Argentine insistence that sovereignty should be on the agenda.

In assessing the defence requirements of the Falklands after the opening of the Mount Pleasant airport the Ministry of Defence considered three options:

● To maintain a large military strength in excess of 3,000 servicemen and a sizeable naval capability.

● To maintain "sufficient" forces from all three services to keep the airport in operation if there was a pre-emptive strike by Argentina until reinforcements arrived from the UK.

● To have a "care and maintenance" force of only about 100 men to look after the vital equipment and stores.

The second option was chosen.

## Judicial advisory board vetoed

By Frances Gibb  
Legal Affairs  
Correspondent

Lord Lane, Lord Chief Justice, has vetoed the idea of a judicial complaints board to advise the Lord Chancellor on the sacking of judges.

The idea had the backing of the former Lord Chancellor, Lord Hailsham of St Marylebone, who had been worried for some time that in dismissing circuit judges he was "both judge and jury".

The problem arose last year with Judge Pickles, the Northern circuit judge who kept breaching judicial protocol by airing his views in public.

In particular, Judge Pickles attacked the present system of judicial appointments and the Lord Chancellor's "all powerful" role.

One factor behind Lord Lane's decision is thought to be his belief that two or three judges sitting on any complaints board would be in an exposed and invidious position, with their advice being open to formal challenge.

The Lord Chancellor's power to remove a circuit judge from office on the grounds of incapacity or misbehaviour, is rarely used. In the last 10 years only one judge has been sacked: Judge Bruce Campbell, who was convicted of smuggling.

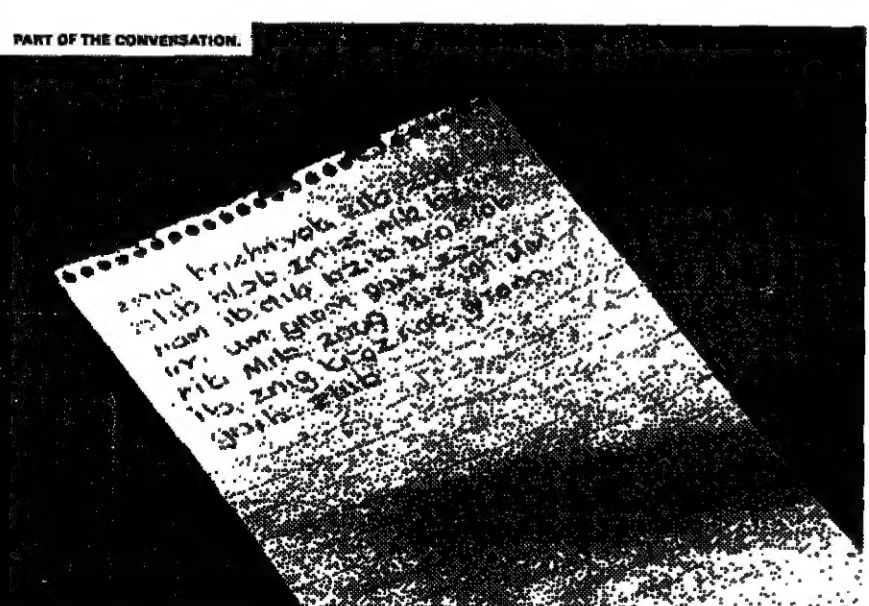
In the case of High Court judges or more senior figures, an address of both houses of Parliament is required for their dismissal.

Lord Hailsham, who had already threatened Judge Pickles with dismissal, resisted pressure from senior judges to carry out that threat.

There was a strong likelihood that Judge Pickles would challenge any such dismissal in the courts under "judicial review" proceedings.

Mr Peter Scott, QC, the chairman of the Bar, has expressed concern about the way judges are appointed and there is support within the Bar for a reform to the system along the lines of an advisory body to the Lord Chancellor.

An advisory complaints board on the sacking of judges was first proposed in a report in 1972 by Justice, the law reform group, under Mr Justice Webster (then a QC).

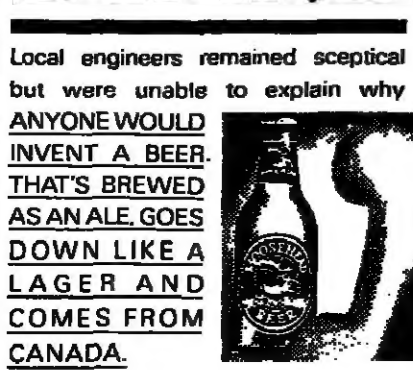


## DECORATOR SPEAKS TO THE STARS

♦ A phone box in Ladbroke Grove, West London has become locked into an interstellar communication network. ♦

According to local residents, the box, outside the Kensington Arms, has a direct line to aliens from the star system of Alpha Centauri. Alan Wades, a painter and decorator, said that when he tried to phone his mum, all he got was a series of strange alien messages. "They were definitely trying to tell me something, but the only word I could understand was Mooshead."

Local engineers remained sceptical but were unable to explain why ANYONE WOULD INVENT A BEER THAT'S BREWED AS AN ALE GOES DOWN LIKE A LAGER AND COMES FROM CANADA.



## Maternity support plan upsets Tories

Paternity leave has been abolished by Labour-controlled London borough of Lambeth. Instead, a fortnight's paid leave will be given to any employee nominated by a pregnant woman.

A friend, relative or even a father out of the 10,000-strong workforce will qualify for the "maternity support leave" if the mother-to-be decides that person is needed to help.

The Tory opposition branded the step yesterday as a sop to town hall unions and "another attempt by the hard left to jump on the public gravy train."

Under the previous scheme only fathers were eligible for paternity leave, but the council decided that as more than a third of mothers in Lambeth

were single parents, women should choose who should help them.

The council said: "Fathers are not necessarily the most supportive people to have around at that time and we decided to leave the decision completely up to the mother. A woman would not be able to nominate more than one employee for the leave."

A man employed by Lambeth wishing to take paternity leave would have to request a form for her to nominate him.

But Tories fear women whose husbands or boyfriends were unconnected with the council and were able to assist them could request "maternity support leave" to enable a friend or relative employed by the council to take a holiday.

## Dealer 'did not know' rockets were in parcel

A dealer in military souvenirs said yesterday that he had no idea that a package he dispatched to Glasgow by Red Star parcels on behalf of a colleague contained stolen anti-tank rockets.

Peter Kabluczenko, aged 39, of Floridy-Felin, Treuddyn Mill, Mold, North Wales, said he agreed to send a parcel via British Rail as a favour, thinking it contained flares.

He admitted at Bristol Crown Court that he used a false name, P Collins Ltd, and a false Liverpool address, and falsely described the parcel contents as combat jackets when he handed the package in to Liverpool Red Star parcels office.

He said he did not think British Rail would accept the consignment if they knew it contained flares.

He used the name Collins in business transactions because it was less complicated than his real name.

He told the court: "I definitely didn't know what was in the boxes until they were opened by the police."

In court he agreed that after the first parcel was sent in April he telephoned British Rail from holiday in Spain because he knew it had not arrived.

Earlier Michael Miles, of Newchurch, Isle of Wight, a former foreign legionnaire, told the court that a man called Paul Barker had offered him the rockets for sale for £150 each.

Mr Kabluczenko denies handling and possessing the rockets and receiving Army cooking stoves and fuel.

The case continues.

## Magistrate's plea on foreign labour

A London magistrate called yesterday for a relaxation of the immigration laws to allow foreign workers to take Britain's "unwanted" low-paid jobs.

"It is very difficult to see what public mischief is being done when people come from another country and take employment at competitive wages, work which nobody else wants," Sir Bryan Roberts, stipendiary magistrate at Horseferry Road court said.

"If you look at newspapers like the evening *Standard* you will see adverts for hotel and catering staff, because we don't have enough local people to fill these jobs."

Sir Brian said he would be interested to hear clarification

of the Home Office policies on banning employment for overseas visitors.

"I think the immigration laws should be more discretionary."

The magistrate was hearing the case of a young Brazilian who took a £50 a week cleaning job at the Kensington International Hotel after finding that the US-\$2,000 he brought into Britain was dwindling fast.

Luiz Pisani, aged 26, of Andalus Road, Stockwell, started the job a week after arriving in Britain last month to study English. He admitted breaking a condition of his visa by working.

Pisani was given a year's conditional discharge.

## New legal aid board 'must be independent'

The new board administering the legal aid scheme must ensure its independence or risk claims of political bias, the Law Society said yesterday.

Mr John Wickerson, President of the society, the solicitors' governing body, said he was seeking an urgent meeting with the Lord Chancellor, Sir Michael Havers.

Members at yesterday's Law Society Council meeting were concerned that the society, with other professional bodies, should have the right to nominate people.

The society said after the meeting: "If the Lord Chancellor's department can pick and choose a whole bunch of 'yes' men, the board won't be independent."

## IMPORTANT ESTATE AUCTION

PERSONAL COLLECTION MAX ROSENBAUM AND OTHER ENTRIES

Max Rosenbaum, a well known member of the Diamond Club since inception. Settlement of the estate is long overdue and requires immediate finalisation.

THIS COLLECTION INCLUDES PERSIAN, ISLAMIC AND EASTERN RUGS Fine Silk Heriz, Isfahan, Tabriz, Kerman, 19th and 20th Century Caucasian, Russian Bokham and many others to be disposed of at nominal or no reserve in order to finalise this matter.

AUCTION TO BE HELD AT

The Lakeside Club  
Wharf Road,  
Canterbury  
on Sunday 21st June at 11.30am  
Viewing from 10.30am on day of sale

The English Speaking Union  
Dorset House, 37 Charles Street  
(Adjacent to Grosvenor Gardens)  
on Sunday 21st June at 3.30pm  
Viewing from 12 noon on day of sale

AUCTIONEER'S NOTE: Owing to the urgency of realising immediate cash, these items are being offered under instructions to ensure complete disposal.

BALLINGTON GRANGE LTD  
28 Rosslyn Hill, London NW3

Tel: 01-794 7806

Payment: Cash, Cheque and all major credit cards.  
No Buyers premium applicable



# Managers are given ten commandments to fight Japanese

By John Spicer

Company managers from directors down are being urged to consider a set of "ten commandments" to help them fight their Japanese and other Asian competitors for world markets on more equal terms.

Among the new rules are: renounce at least half their holiday entitlement; be at the workplace from at least 8am until 6pm; work at least half a day on Saturday; take only half an hour or 45 minutes (maximum) for lunch.

The appeal was made in London to 600 company personnel managers from all over Europe by an expert on Japanese and Western working practices. He urged them to go back to their bosses and persuade them of the need for a radical new look at work ethics.

Dr Jean-Pierre Lehmann, former head of Japanese studies at Stirling University and a visiting professor at a number of Japanese universities, said that while Asians and Japanese in particular were absorbing the American cultural influence, from Kentucky Fried Chicken to Dallas, there was a big difference between the appearance of such in-

fluence and the substance of its impact.

Their underlying ethic was still close to the Victorian, with family values, education and hard work high priorities. Dr Lehmann compared this with European social driving forces. In Europe, he said, not just a welfare state had been created but a "welfare mentality".

He said that in the last 20 years education in Europe had seen a rapid drive towards the lowest possible common denominator of literacy and numeracy. This had exacerbated the biggest problem, not unemployment, but unemployability. Many of the products coming out of Europe's education establishments were, quite simply, unemployable.

After delivering his "ten commandments", Dr Lehmann said that restoring the work ethic would reverse the trend of a rapidly declining level of technological innovation and productivity.

He said if the work ethic was restored everyone would be more competitive to face the Pacific challenge. It would create wealth, both in material and spiritual terms and, he

was convinced, would make people happier.

But last night Dr Lehmann's views came in for criticism from British business organizations. Sir John Hoskyns, director general of the Institute of Directors, said: "If only the secret of success was that simple. Businessmen have to be judged by results, not just by the hours they work".

Mr John Cahill, senior policy adviser to the Confederation of British Industry, said many managers already work very long hours. He said: "It's not just the hours, it's the effectiveness of the work within those hours. There has to be a balance between performance and reward; and time off is part of the reward."

"Japanese working hours are almost obscene in some areas. Pressure from their peers forces them to get in at the crack of dawn and often work a six-day week."

The Industrial Society said executives in any company, had to be fit and needed time off and holidays to recharge their batteries. Over recent years everyone has learned to use time at work much more effectively, and that is what is most important.

## Firms need more than efficiency

Successful companies and organizations in the public sector have learned that organizational efficiency is no longer the only key to the future.

Turning outwards to face an increasingly turbulent environment, they have developed strategies based on quality, innovation and responsiveness to their customers.

This view was put to the European Association for Personnel Management conference in a paper dealing with business strategy and "the people contribution".

Mr Chris Hayes and Mr Nickie Fonda, of the Prospect Centre, an organization dealing with manpower development issues, argued that a change of outlook, from a pre-occupation with the operational to the strategic, had also to take place.

Operational personnel and training policies, at their best, focused on maintaining and improving the human side of

the organization, they said. Some of their hallmarks were careful selection, good training schemes for new entrants, training to improve job performance, manpower planning, preparation for promotion and succession, stable industrial relations and retirement programmes.

Two French experts on personnel and social relations said the new phenomenon of the speed and variety of technological change going on today should be seen as challenges to be met and dealt with. No-one could turn their backs, they said.

The whole idea of the company and the office was changing. We were now seeing paper-free offices, carpeted factories run by robots, humans replaced by machines. A new relationship between man and machine was being created. New professions were coming into being and companies had to change their organization to accommodate them.

## Share deal problems revealed

The problems faced by the Wellcome Foundation when it decided to float the company on the Stock Exchange last year and make instant shareholders of employees in 22 countries, were described by the group's employee relations manager yesterday.

Mr Neville Machin told 600 delegates attending the European Association for Personnel Management in London that they would need an honour's degree in hindsight if they ever got involved in a similar exercise.

Wellcome, founded in 1936, has a turnover in excess of £1 billion a year and 18,000 employees worldwide, mostly in pharmaceuticals. Members of staff applied for 17.9 million shares (10 per cent of the sale offer).

Mr Machin said 12 firms of advisers were involved. At one stage 4,500 kilos of documents were moving around the world.

## Manhunt after rape of girl, 5

By David Sapsted

Police hope to piece together a description today of the man who enticed a girl aged five away from a school playground in Portsmouth and raped her during a "horrendous" two-hour sexual ordeal.

House-to-house inquiries on the Buckland estate were launched by Hampshire police yesterday.

The girl had been lured from the crowded playground at Charles Dickens First School at lunchtime on Tuesday and was taken to a house or flat near by where she was raped.

Details of her ordeal started to emerge on Wednesday. Last night police were hoping that the girl would be sufficiently recovered to be interviewed properly.

The girl had started school only a few weeks ago. She returned to her classroom after the ordeal but would only start to talk to her mother the next day.

She lives in an area which has seen earlier attacks by a man dubbed "the beast of Buckland."

Det Supt Roger Hoddinott, leading the hunt for the rapist, asked parents of children at the school to talk to them to see if they could provide any clues.

## Constable says he lied about 'attack'

By David Cross

A police officer admitted yesterday that he had lied when he was questioned about an alleged attack by four of his colleagues on five schoolboys in a north London street.

PC Kevin Luxford, who was driving a police van on the night of the alleged attack nearly four years ago, told the Central Criminal Court that he and other officers had been questioned individually five days later at Highgate police station, north London.

On the way there it had been agreed that they would all stick together. "We were going to say we had not gone near George's Road. We all accepted that if one person said anything we would all be charged", he said.

PC Luxford said that he lied again in February 1985 when he and the other officers were

interviewed at Scotland Yard. He finally came forward in February last year. "It was affecting my private life and the publicity was reflecting very badly on the police, particularly as it was directed at a van that had not been concerned in any assault."

PCs Edward Main and Nicholas Wise, both aged 27, and Michael Gavin and Michael Parr, both aged 28, deny assault and causing actual bodily harm to Eric Ranger, then aged 14, his brother, Baltimore, then aged 16, Gary Foley, then aged 14, and Daniel Jenkins, then aged 16.

They also deny assaulting Dursan Nalbant, then aged 13, and together with Sergeant Colin Edwards, aged 34, deny conspiring to pervert the course of justice.

The case continues today.

## 'Beeching' for roads

By Rodney Cowton, Transport Correspondent

The possibility of cutting the network of rural roads, in the way in which Lord Beeching reduced the number of railway lines in the 1960s, was raised yesterday at a conference at the Institution of Civil Engineers in London, on the state of roads and bridges.

Mr Brian Oldridge, Director of Transportation, with Cambridgeshire County Council,

said the money for maintaining minor roads was only what was left over after the requirements of major roads had been met.

He said that many minor roads duplicated each other. Mr Peter Bottomley, Minister for Roads and Traffic, said the Government would not switch resources from motorways and trunk roads.

## Archer returns to limelight

Mr Jeffrey Archer, who resigned as Tory party deputy chairman after a Sunday paper claimed that he had used an intermediary to pay a prostitute to go abroad, yesterday took his new career as a playwright a step further with a writing to discuss the first production of his latest work, *Behind Reasonable Doubt*.

Frank Finlay, who leads the cast of well-known names including Wendy Craig and Andrew Crichton, had no doubt that it would be a box-office success when he and Mr Archer met to talk about the play.

It opens at the Palace Theatre in Manchester on August 31 for a brief provincial run before it is exposed to the merciless glare of the West End.

"Good plays only come up once every 10 years and as soon as I read this one I knew we had a winner. Every line jumps off the page straight at you", Mr Finlay said.

Mr Archer wrote the play in 12 weeks after his resignation, locked in the study at his family home at The Old Vicarage in Grantchester, near Cambridge.

Few doubt it will launch him on yet another phenomenally successful career when it opens in September.

The play centres around Sir Hugh Metcalfe, QC, a northern-born barrister, played by Frank Finlay.

He defends himself on a charge of murdering his wife, played by Wendy Craig.

Another lawyer, Alec Machin, QC, his sworn enemy and arch court rival, portrayed by Donald Pickering is determined to ensure that Andrew Crichton in judge's robes sentences his courtroom combatant to life imprisonment.

Oxford Blue sprinter, youngest Greater London councillor and Member of Parliament, failed businessman, near bankrupt and then best-selling author in 57 countries: is there nothing beyond the ability of Jeffrey Archer?

He thought for a minute and his face clouded. Literary and parliamentary fame paled into insignificance when compared to long nurtured dreams of becoming Somerset cricket club's leading batsman.

## Girl teams up with surgeon who gave her life



Appealing for donors... Kirsty Vowles, aged five, with Professor Magdi Yacoub, who gave her a heart-lung transplant, in London yesterday.

## Union victim describes campaign of abuse

By Tim Jones

The first intimation of the nightmare which befell Mr Tony McArdle began when, like thousands of other trade unionists, he refused to support the miners' strike because it had not been made official through a ballot.

In spite of daily pressure, he resisted the dictat of his branch committee of Sogat '82, the print union, and told it that he would make no contribution, as it had ordered, towards supporting Mr Arthur Scargill, the NUM president, in his dispute.

He was fined £100 twice by

his branch committee, but after lengthy legal proceedings it was agreed that the punishment was unlawful, as was the weekly levy in support of the NUM that it had ordered he should pay.

Mr McArdle was never forgiven for believing the miners should have been given the opportunity of deciding for themselves whether they wished to strike.

When print workers employed by News International went on strike and were dismissed, once again the Sogat branch committee at the Battersea, south London de-

pot of John Menzies, the newspaper distributor, where Mr McArdle worked as a driver, decided to impose a levy.

Once again, Mr McArdle refused his support, saying he would only pay if it was official union policy supported by the members. When eventually, the union's members were balloted on the question of a levy, they rejected it overwhelmingly.

But that did not help Mr McArdle, who was subjected to a campaign of threats, abuse and intimidation. Mr McArdle received a

death threat, his car tyres were slashed and the tachometer was ripped out of his lorry, while his wife suffered a nervous rash after receiving obscene telephone calls.

He eventually returned to work but was forced again to go home because of the intimidating atmosphere. With the aid of the Freedom Association, he is now seeking damages against the company for constructive dismissal.

In a letter of resignation to Mr J W Vaughan, labour and administration manager of John Menzies, Mr McArdle said: "You knew that my

position in the union was intolerable and yet you blamed me for resigning from that union. When you allowed me to return to work... you did so having done apparently nothing in the intervening period to ensure that I could work normally."

In a letter to the Freedom Association, Mr Vaughan said: "Mr McArdle took a unilateral decision to resign from the union in the knowledge of probable consequences and in breach of an agreement between the company and the union based on a closed shop."

# ECONERMINE LTD.

## QUALITY CURTAINS

# FREE MAKING

### ON MADE-TO-MEASURE LINED CURTAINS

## REAL (100% COTTON) VELVET CURTAINS QUALITY COTTON PRINTS BY MOYGASHEL

### GENUINE OFFER

You only pay for the materials, the making and delivery is FREE!!  
So many times you can see such an offer accompanied by grossly inflated fabric prices but not with us! Just check out the prices below — they will stand comparison anywhere!

"MARS" VELVET £6.99 PER YARD 48" WIDE APPROX.  
100% COTTON IN 9 COLOURS

"VENUS" VELVET £7.99 PER YARD 48" WIDE APPROX.  
100% COTTON — CREASE RESISTANT IN 54 COLOURS

"NEPTUNE" VELVET £8.99 PER YARD 48" WIDE APPROX.  
100% COTTON SILK FINISH HEAVYWEIGHT — MACHINE WASHABLE

MOYGASHEL "COUNTRY DIARY" RANGE £6.99 PER YARD 48" WIDE APPROX.  
100% COTTON PRINTS

MOYGASHEL "SATIN" RANGE £7.50 PER YARD 48" WIDE APPROX.  
100% COTTON SATIN PRINTS

## 24 HOUR SAMPLE SERVICE

0526 43344

OR SEND THE COUPON (NO STAMP NEEDED)

## FREE MAKING AND LOW FABRIC PRICES ONLY FROM ECONERMINE

Send the coupon now (or phone if it is urgent). We will send you our brochure containing fabric samples, measuring and ordering guide, price lists and order forms.

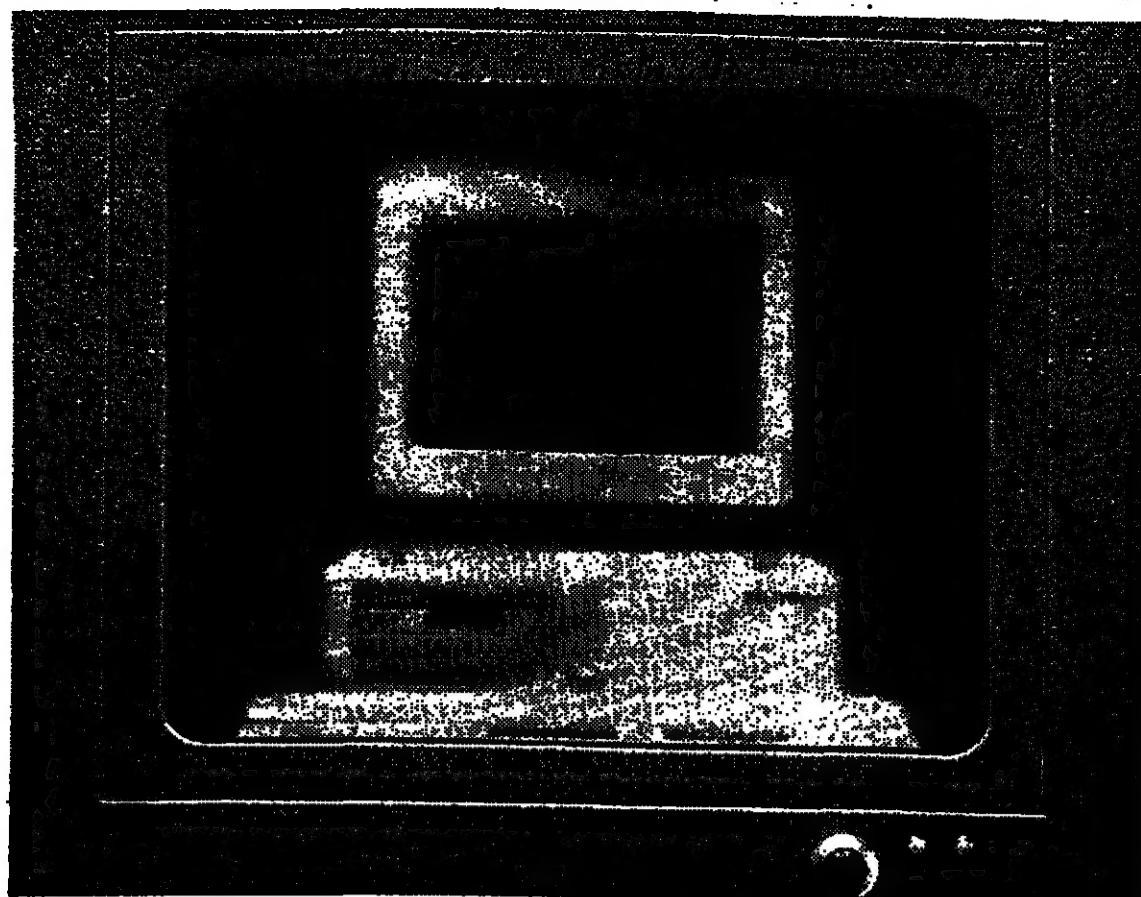
**ECONERMINE**  
Freeport Coldham Road, Tisbury Industrial Estate, Coningsby, Lincs. LN4 4SE  
Curtains, Blinds, BFD and ETC repairs welcome

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Post Code \_\_\_\_\_

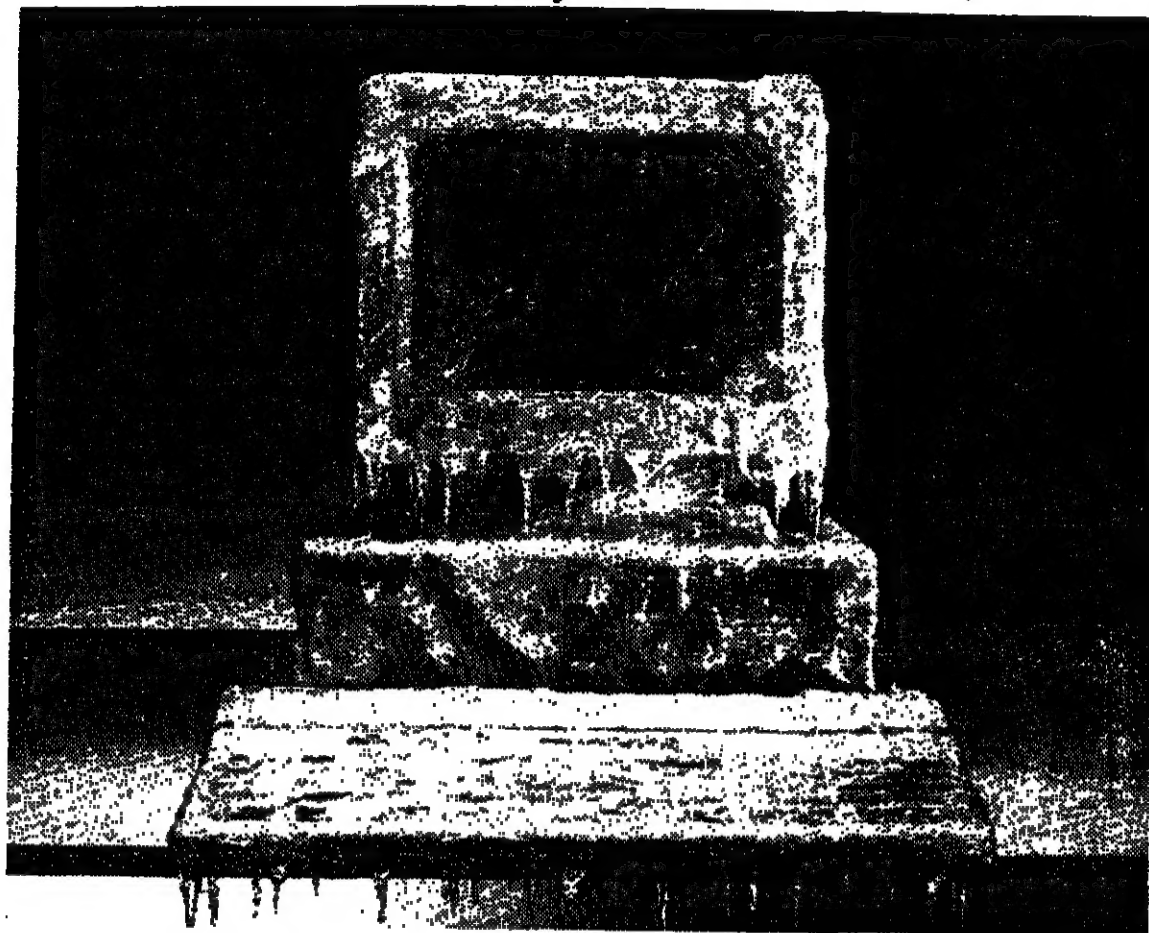
Opening Times 9.00 - 5.00 Monday - Friday inclusive.  
Freeport Coldham Road, Tisbury Industrial Estate, Coningsby, Lincs. LN4 4SE



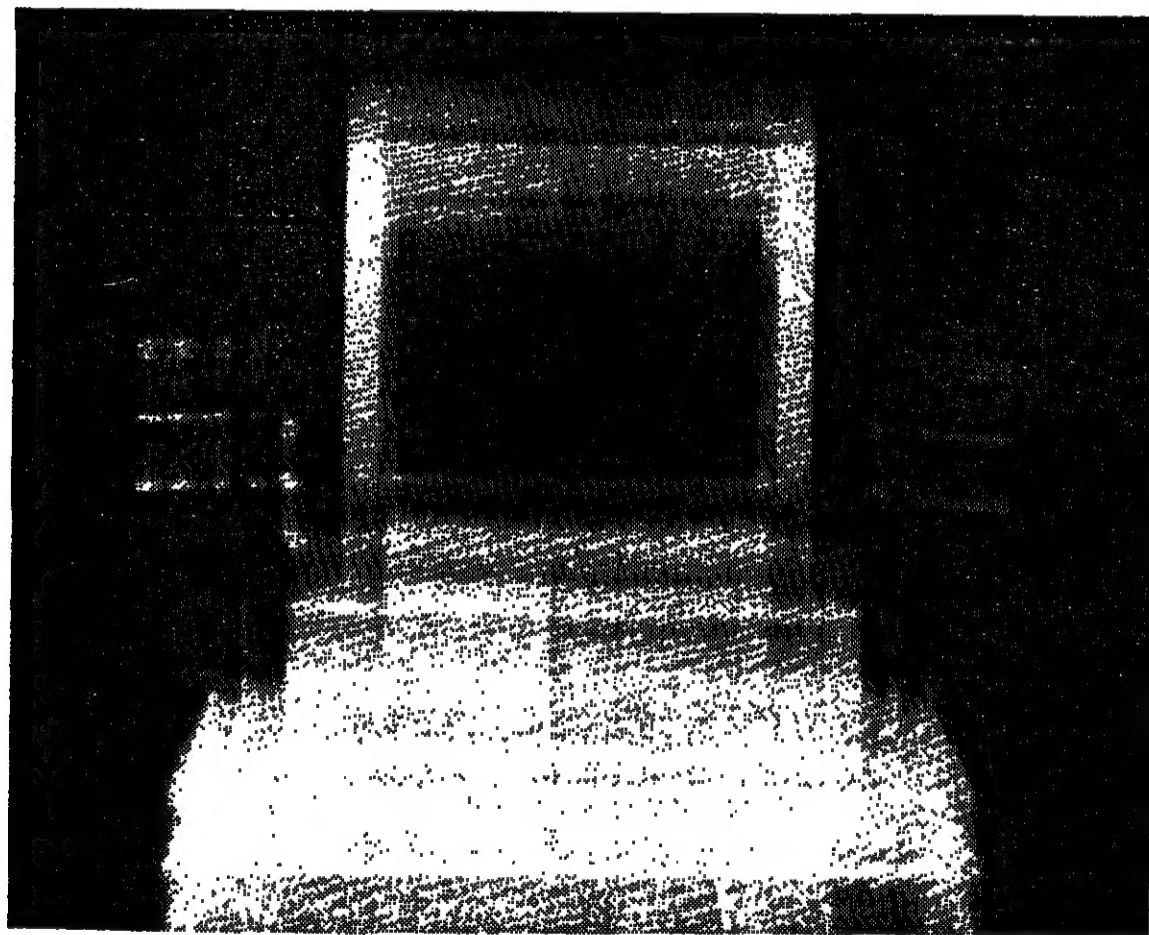
*We steamed it.*



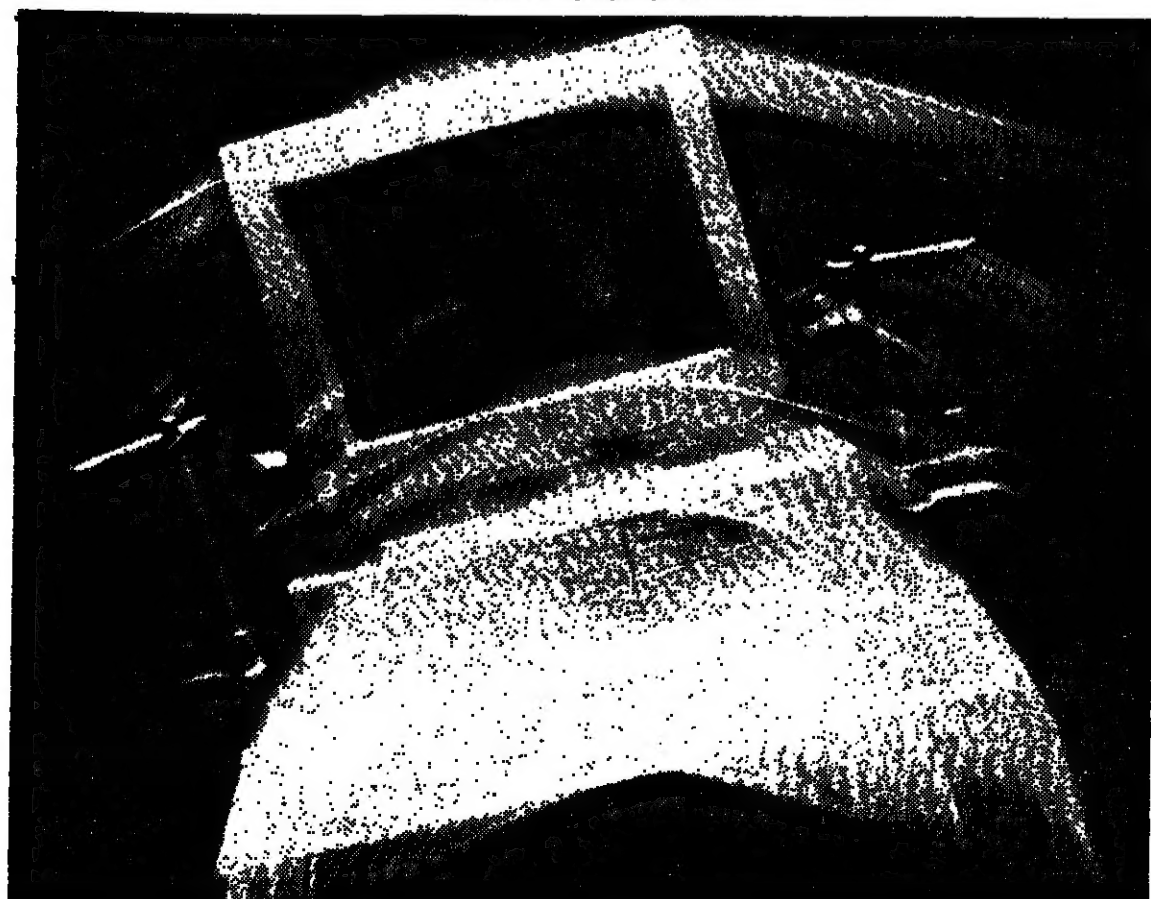
*We froze it.*



*We shook it.*



*We rocked and rolled it.*



*To get to your office, the  
Vectra has to go through hell.*

*How can we be so sure our Vectra computer won't let you down? Because we asked Lloyd's Register of Shipping to give it a going over.*

*Lloyd's test all kinds of equipment for seaworthiness. They believe a computer should be able to round the Cape, reach the Pole and spend a week in the Doldrums.*

*Which is why they tested the Hewlett-Packard Vectra as if lives depended on it.*

*First, they left it in a temperature of 55°C for 100 hours. Then they lowered the temperature to -25°C for 16 hours. In the next test they again raised the temperature to 55°C but this time with a humidity of 95%.*

*They also rolled the Vectra each side of the vertical, they vibrated it for two hours and they fluctuated and interrupted the voltage and frequency.*

*The results, we think, will surprise you.*

*Apart from suggesting we should secure the capacitors and resistor more firmly, Lloyd's gave us a clean bill of health.*

*For those on dry land, the message is clear.*

*If the Vectra can cope with life at sea, it should find office life plain sailing.*

**hp** HEWLETT  
PACKARD  
*We can work it out.*

For further information ring 0800 400443.

I could understand was Moosehead. CANADA.

THE SONS OF THE GODS  
British Rail would accept the  
consignment if they knew it  
contained flares.

rockets and receiving Army  
cooking stoves and fuel.  
The case continues.

Payment: Cash, Cheque and all major credit cards.  
No Buyers premium applicable.

of 'a  
magis

Most pris  
remand a

COMMENTARY



Geoffrey Smith



# Police seek review of 'antiquated' magistrates' courts

By Stewart Tandler, Crime Reporter

Magistrates' courts are run on a "totally antiquated system" and burden overstretched police, a senior police adviser told leading police officers yesterday.

Mr Charles McLachlan, former chief constable of Nottinghamshire and now inspector of constabulary for the south-east, made his criticism at the annual summer conference of the Association of Chief Police Officers in Blackpool.

He urged that the effect of the courts on police efficiency should be part of a new study of the police service being undertaken by the Audit Commission.

Mr McLachlan said a continual need to house prisoners in police cells instead of prison, the transport of prisoners to and from courts and the problems of the magistrates' courts themselves place a burden on police with "quite considerable effect."

The police, local government and the crown courts had been reorganized, Mr McLachlan said, but the one area that has not been examined is the magistrates' court system.

Police were involved in the

processing of court actions and summonses but they faced a system which varied enormously across the country.

In one county one could find clerks in different courts all setting out separate ways of working. There could be a cluster of courts where one clerk used computers but another relied on a manual system.

The result was tremendous duplication of effort which placed a burden on the police.

The Association of Chief Police Officers has discussed the problem of the magistrates' court in the past. Yesterday Dr Ross Tristram, director of the Audit Commission's new scrutiny of the police, said the impact of court work could be part of the three-year study.

Mr Tony Stinchcombe, emergency planning officer for Cheshire, told the chief constables that many other public servants felt they had received substantial pay rises in recent years but failed to give value for what they received.

He told the policemen, due to receive a further pay rise of about 7 per cent later this year: "My personal reading of the public attitude towards their

police service is they are not getting value for money."

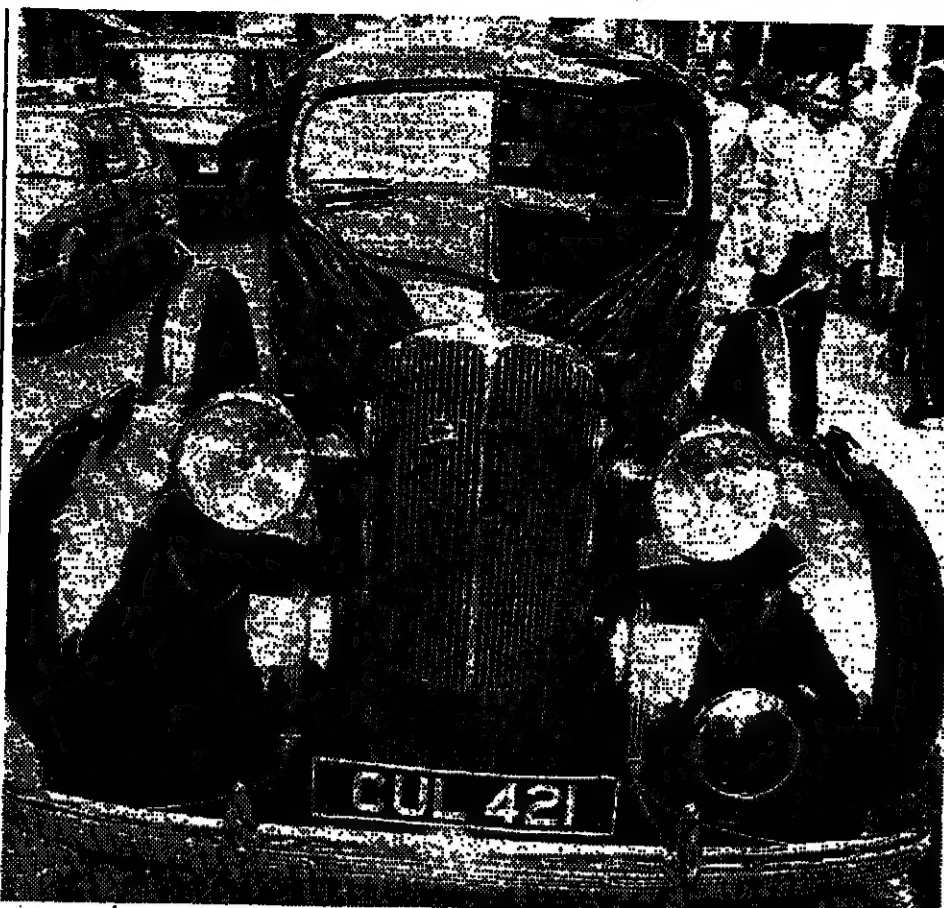
Mr Stinchcombe said: "I suspect public servants, especially perhaps nurses and some others who have to put with almost as much aggro as you do but whose wages have not increased anywhere near as much as yours in recent years, would challenge whether you give as much value for money as you could or should."

Mr Christopher Tipple, director of education for Northumberland, said police should put more resources into reaching out to children and save themselves many of the problems that come later.

Policemen should be better trained and Mr Tipple asked why the police did not talk to teachers and education officials before deciding who to choose to go into schools.

Mr Dennis Davis, chief fire officer of Cheshire, told the conference there were gaps in co-operation over fire investigation and forensic work.

All the emergency services used separate headquarters, radio channels and 999 switchboards. Mr Davis asked: "Are we really so parochial and jealous?"



A McLaughlin Buick, built for the Duke and Duchess of Windsor and now fully restored, (above) is expected to raise about £60,000 when it is auctioned at Sotheby's on Monday. The 1936 car is also shown (right) outside Versaille station, 33 miles south-east of Paris, in 1937. The Duke is approaching the car prior to making the 160-mile journey to Chateau de Caude, near Tours, where he married Wallis Simpson. (Photograph: Alan Reeve)

## Health inquiry will quiz GPs on use of sterile instruments

By Jill Sherman, Social Services Correspondent

Public health experts are planning checks to find out if doctors sterilize instruments properly to prevent the spread of Aids.

The Central Public Health Laboratory, which has set up its own Aids action co-ordinating committee, is launching a survey next month to investigate sterilization practices in GPs' surgeries.

The study apparently follows concern that not all family doctors sterilize their instruments even though some patients might be carriers of the HIV virus.

Yesterday officials stressed that the laboratory was not setting out to be alarmist. "The survey is not just to see if there is anything wrong but to see if we can help family doctors," said one official.

The study had been set up in response to people ringing up and asking for advice, he said. It is expected to cover a representative sample of GPs, and dentists may be included later.

News of the survey followed increasing controversy over whether doctors should be told if their patients are HIV positive.

On Wednesday the British Medical Association's GP conference rejected a motion which would have given fam-

ily doctors the right to be told in confidence if a patient was found to be HIV positive.

However yesterday at the annual meeting of the National Association of Health Authorities, the chairman, Mr Arthur Taylor, said the Government should be prepared to radically alter current practices governing confidentiality, testing and screening if the disease started to spread more rapidly.

At some stage the interest of the individual would be outweighed by the welfare of the general public, he said.

"Anyone who is HIV positive is a potential threat to someone else."

Mr Taylor said that it was up to the Government to decide about confidentiality rather than the British Medical Association.

He also proposed that if the disease accelerated, Aids should become a notifiable disease and screening for Aids should be introduced in hospitals when patients are admitted.

These proposals are contrary to advice from the Government's chief medical officer, Sir Donald Acheson, who has publicly opposed both routine screening and that Aids should be a notifiable disease.

## Most prisoners on remand avoid jail

By Peter Evans, Home Affairs Correspondent

About 66 per cent of women and 46 per cent of men in custody on remand do not go to prison when they are finally sentenced in court, the National Association for the Care and Resettlement of Offenders (Nacro) said yesterday.

The association said that the prison population in England and Wales had reached 50,000 for the first time because of an increase in the number of males sentenced to more than 18 months and in the number of female prisoners. Remand prisoners now also made up more than 20 per cent of the prison population.

The number of women imprisoned more than doubled between 1975 to 1985, while 14.6 per cent of women

sent to jail in 1985 had no previous convictions, compared with 4.8 per cent of men. This suggested that women who appeared in court were more likely to be imprisoned than men and for more minor offences, Nacro said.

Nearly half the women in prison in 1985 committed theft, handling, fraud and forgery offences, compared with 22.6 per cent of men.

Nacro said: "Black women are the most over-represented group in the prison system. Seventeen per cent of the women in custody and 23 per cent of those on remand were from ethnic minorities, yet they account for only 3 per cent in the general population."

### COMMENTARY



Geoffrey Smith

"What the nation needs is several years of quiet, steady administration, if only to allow socialist legislation to reach its full fruition". Winston Churchill declared in his first major speech to the House of Commons after his return to power in 1951.

At first glance this may seem an extraordinary statement. Churchill was not usually noted either for quiet administration or for his protective care of socialist legislation. But his remarks contained a piece of enduring political wisdom, which is particularly relevant today.

He was indicating as clearly as he could that it was not his intention to reverse much of what the Attlee Labour Government had done in the previous six years. So the welfare state remained in place. Nearly all the nationalized industries stayed in public ownership, and the unions continued to receive the most respectful treatment.

It is fashionable nowadays to criticize this strategy as a timid introduction to the age of inflation. But it has to be judged in the context of its time.

Churchill knew that any successor to a strong, reforming government, which has brought about great changes in British life, cannot simply undo the work of its predecessor. That would cause too great an upheaval and would not have public approval.

### Building on past accomplishments

This general principle applies whether such a pathfinding government is of the right or the left. The task of those who come after it is not just to overturn its accomplishments.

It is rather to accept them as part of the national experience, and then to build upon them so as to create a new national consensus. How well Churchill succeeded in that political task was shown by the 13 years that the Conservatives then spent in power.

This is the lesson that needs to be absorbed by those who hope to succeed the present Government. It has done more to change this country than any administration since Attlee. Its latest election triumph has confirmed that its work cannot be dismissed as an aberration. The results show how much attitudes have been transformed in large parts of Britain.

Not everywhere, it is true. But whereas the North-South divide presents a social problem to the Government, it is a critical political warning to the opposition parties.

They cannot wrest control from the Conservatives without recovering a lot of ground in the Midlands and the South, and they will not do that without coming to terms with the Thatcher experience. That ought to be as important for the opposition parties in this Parliament as it was for Churchill to come to terms with the legacy of Attlee.

### Consensus based on experience

If they fail to do so, they will either be inviting the electorate to march forward boldly into the 1990s or offering the prospect of endless upset. Neither approach would present much of a threat to a fourth Conservative victory unless the economy had turned sour.

It may be objected that an opposition which merely came to terms with the work of the incumbent would look too tame, that if the country wants Conservative policies it would prefer a Conservative government. But oppositions do not always need to provide a choice rather than an echo.

When one party has held office for many years, it can become tired or arrogant or simply too familiar to the voters. That can happen even when the general thrust of policy is still in keeping with the spirit of the times.

The electorate is then likely to be inclined towards a change of government provided that this does not mean turning the world upside down.

A wise opposition in Britain today would be considering how it could meet that need when the time came. This would not mean endorsing every item of Thatcherite policy, but reaching out towards a new consensus based upon the experience of these years.

But the only opposition leader who seems to be thinking at all along these lines is Dr David Owen, with his social market economy, and at the moment he appears to stand the least chance of getting the necessary political power.

## A BUSY WEEK FOR SAMUEL MONTAGU...

Monday 8 June

United Newspaper's £250m bid for Exel became unconditional (equity and debt finance underwritten).  
Signing of £150m MOF arranged for Mortgage Funding Corporation and £50m MOF launched for Mansfield Brewery.  
Syndication closed for £500m Uncommitted Tender Panel Facility for Abbey National Building Society.

Tuesday 9 June

Application list on Tie Rack closed 84 times oversubscribed.  
Rights and share issue underwritten for Western Motors' £13m acquisition of Penta.  
Syndication commenced for Equicorp's £60m facility to finance a 28% stake in Guinness Peat.

Wednesday 10 June

WPP bid \$460m for J. Walter Thompson - financed by £177m rights and \$260m debt package - and syndication commenced for £200m MOF for Bristol & West Building Society.

Thursday 11 June

Quiet day but busy night!  
Midland Montagu treasury and gilts dealing rooms serve clients throughout General Election night.

Friday 12 June

£50m Sterling Eurobond issue launched for Amsterdam - Rotterdam Bank NV.

Saturday 13 June

Defence document posted on behalf of Mitchell Cotts, urging rejection of £74m offer.

## ...BUT THEN ALL OUR WEEKS ARE BUSY!

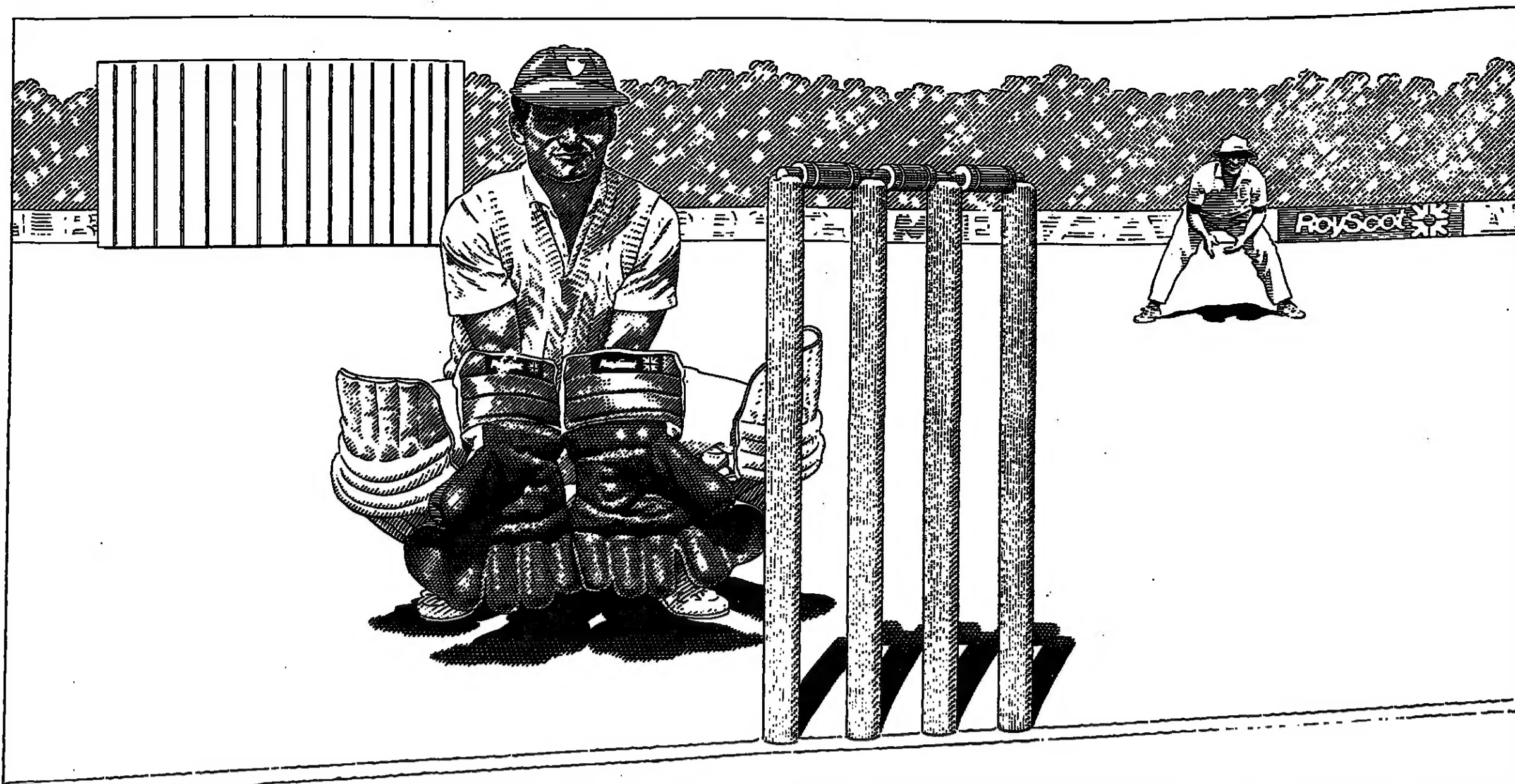
Samuel Montagu's corporate finance and capital markets teams, together with Midland's Group Treasury and Greenwell Montagu Gilt-Edged, have completed another week of dedicated service for their clients.

**Samuel Montagu & Co. Limited**

A part of Midland Montagu, the investment banking and securities arm of Midland Bank Group.  
10 LOWER THAMES STREET, LONDON EC3R 6AE. TELEPHONE 01-260 9000

M  
I  
D  
L  
A  
N  
D  
M  
O  
N  
T  
A  
G  
U





## WHY NOT GIVE YOUR BUSINESS AN UNFAIR ADVANTAGE?

Every businessman needs someone reliable to back him up.

RoyScot Finance Group can give you the edge to catch out your competitors and keep you on winning form.

We won't only give you finance, we'll give you a package that makes the most financial sense.

It's often better, for example, to lease rather than borrow, or to discount invoices rather than delay your next stock purchase.

If you run a fleet, we'll help to manage it.

Whether you're a retailer or a

wholesaler, we'll help increase your sales and improve your margins.

So make the wrong move and you're hit for six, deal with us and you'll soon be in for a long and profitable innings.

RoyScot Finance Group includes a range of companies offering finance and management services.

We'll help you find ways to make more out of your capital and your time.

All of which will help you bowl the opposition over.

RoyScot Finance Group. It's the best way to take unfair advantage of your competitors.

**RoyScot**  **Finance Group**

A member of The Royal Bank of Scotland Group plc.

**IT'S OUR BUSINESS TO HELP YOUR BUSINESS GROW.**

RoyScot Finance Group Limited. Registered Office: 67 Lombard Street, London EC3P 3DL. Registered in England No. 2011168.

Britain  
world st  
of aircr  
door dan

Prisoner  
talked into  
suicide bid

Strawberrie  
the rainy w



## Britain urges world study of aircraft door danger

By Harvey Elliott, Air Correspondent

A worldwide study of aircraft emergency evacuation procedures which could lead to changes in the number and positioning of exit doors is being organized by Britain's Civil Aviation Authority.

It has already amended the rules governing the number of cabin staff which an aircraft must carry to ensure that passengers can be helped to get out in an emergency.

Now it has asked safety authorities in the US, France, West Germany and Holland to co-operate in a review of the layout of aircraft interiors, including the positioning of the galleys and other impediments to a speedy exit.

Concern has been growing among aviation safety organizations about the lack of internationally approved standards for interior cabin design and escape procedures.

The Federal Aviation Authority in America, for example, proposed a minimum distance between any seat and an emergency exit. Its call has been backed by others, including the British Guild of Air Pilots and Navigators.

Mr Ron Bridge, chairman of the guild's technical and air safety committee, said: "There is surely a limit to the distance anyone can crawl from his seat to an exit in the event of an emergency."

"It is about time a regulation setting down the minimum distance from any seat on an aircraft to an exit should be introduced. At the moment it is technically within the law for all the doors to be grouped in one small area."

Under existing rules there must be a pair of doors, stretching from floor to ceiling, for every 110 passengers, with emergency exits for every 35. There must be one cabin attendant per door.

But some modern aircraft,

such as the Boeing 767, have only two doors on each side fitted as standard enabling the aircraft to carry a total number of 220 passengers legally.

Yet airlines are carrying more than that and have fitted additional overwing exits to enable them to boost that number up to 290.

As only one attendant is needed per door it meant that they could have had only four on board. Now the CAA has ruled that they must carry one attendant for every 50 passengers.

The CAA is also opposed to a simple rule limiting the distance between any seat and an emergency exit. It believes that the problem is more complex and wants other authorities to join in a long-term study into the technicalities.

● Airlines battling for room at London's Gatwick airport are becoming increasingly vitriolic in their attacks on each other as they fight for the shrinking number of landing slots and passenger space.

British Island Airways became the latest to join the fray with an attack on British Caledonian which it described as having "poor profitability, over-structured management and an abysmal use of their existing resources."

Airlines using the single runway at Gatwick fear that soon there will be no further room to expand and that they will be unable to cope with the growing number of passengers wanting to travel from the airport.

British Caledonian expressed surprise at the outburst, claiming it had never suggested that BIA should move out. It said its poor performance of last year which resulted in a loss for the airline had largely been overcome.

## The sky at noon through the Great Equatorial



A new access which for the first time allows the public to see the 28 inch Great Equatorial Telescope at the Old Royal Observatory, Greenwich, south-east London, was officially opened yesterday by Mr

Patrick Moore, the astronomer and presenter of television's *The Sky At Night*. The previous access was via a narrow elliptical

staircase. Mr Moore is seen looking through the telescope, the largest refractor in Britain, which dates from 1893. (Photograph: John Rogers).

## Forger in Spanish home sale is jailed

An elderly couple who put their life savings into a retirement home in Spain had their dreams shattered soon after moving in. Southwark Crown Court in London was told yesterday.

They bought a penthouse apartment with a sea view near Valencia for £13,900, and spent another £7,000 in renovating the property.

But they were told they had been duped because the woman they had purchased the property from was not the owner, Mr Victor Temple, for the prosecution, told the court.

Judge Butler, QC, jailed Carolen-Anne Frampton, aged 44, of Cret Terrace, Highgate, north London, for six months.

Frampton admitted forging a power of attorney giving her the right to sell property which belonged to her estranged husband.

The court was told that the Spanish authorities will ask Mr Laurence Belcher, aged 73, and his wife Susan, aged 66, to vacate the apartment.

The Belchers sold their house in Bournemouth and purchased their retirement home through Ascur Properties UK, based in Kingston, Surrey, last July. Two weeks later the company told them they had been conned.

## Prisoner talked into suicide bid

A prisoner persuaded a cellmate to attempt suicide after convincing him he was child molester, Knightsbridge Crown Court was told yesterday.

Colin Hill tried to hang himself in the cell he shared with Terence McGranaghan at Wormwood Scrubs Prison.

Miss Rosamund Keating, for the prosecution, told the court that McGranaghan, aged 25, developed a hatred for Hill, aged 38, who was serving 12 months for causing unnecessary suffering to his three children.

McGranaghan convinced him that suicide was his only option.

Hill survived and McGranaghan's role was disclosed when a warder found a letter in which he said he thought the "cripple was already brown bread" when he raised the alarm.

McGranaghan, of Newry, Northern Ireland, who has since been sentenced to four years for sexual attack on a woman aged 80, was sentenced to eight years after admitting aiding and abetting an attempted suicide, the term to run concurrently.

## Anger over attacks on elderly

By David Cross

The Conservative opposition on left-wing Brent Council said yesterday that it was "horrified" that so little had been done so late to stop attacks by staff on elderly people in some council homes.

In a confidential report leaked earlier this week, Mr David Divine, social services director for the north-west London council, conceded that residents in some old people's homes could not be guaranteed safety from "physical and emotional abuse".

At Shepperton Court, which houses 35 elderly, two staff members had been dismissed and another resigned.

Mr Roger Stone, Conservative leader on the council, said that strong action had to be taken immediately.

Mr John Hammond, Liberal group leader on the council, has demanded a public inquiry.

The council said that an independent team was reviewing its old people's homes. It was going to contact relatives of residents and was involving the police.

## Weekend food prices

## Strawberries beat the rainy weather

The first of the main crop of English strawberries should be on sale this weekend despite the awful weather.

Regrettably, at 65p to 95p a half-pound, they will be more expensive than the imported berries, which cost from 50p to 75p a pound.

Supplies of fresh fish are good this week, but some varieties are more expensive.

Plaice at an average of £2.07 a pound is excellent.

Lemon sole is down 6p a pound to £2.36, but Dover sole at £4.09 is up about 11p on last week's price. Shoppers should look out for grey or white sole, a lesser known but excellent flat fish.

Of the white fish, haddock from £1.20 to £2.50 is outstanding quality. Coley is down 4p to £1.07, and herring is also slightly cheaper at 73p a pound. There should be good supplies of hake, turbot, skate, John Dory, crab and fresh sardines. Peeled prawns are down 4p on average, but the range is wide from £2.40 to £7 a pound.

Home produced lamb prices are falling, and the average price of whole leg, loin and best end chops are down about 5p a pound. New Zealand lamb leg is £1.47 a lb, loin

chops £1.48, and whole shoulder 85p a pound.

Beef prices are stable, with the exception of fillet and sirloin steak, which may be up a penny or two a pound.

In the 1970s courgettes were a rare and expensive vegetable enjoyed only by those who ate at the best restaurants. Today they are available in every greengrocer's shop and market stall, and last year we ate an amazing 51 million lbs. This week home grown courgettes are in the shops, supplementing imports from Kenya, Egypt and the Continent at 45p to 75p a pound.

It is a joy to see so much produce from the gardens of England and although supplemented by imports, it is worth asking for the home grown. Cucumbers 35p to 40p each, spring onions 16p to 28p a pound, tomatoes 35p to 60p a pound, and iceberg lettuce 40p to 80p a head, are all best buys. Special offers this week include Presto: whole fresh Scottish salmon £2.75 a pound, salmon cutlets £3.59 a pound; Tesco: lamb chops £2.49 a pound, New Zealand lamb shoulder 69p a pound; Sainsbury: topside of beef £1.86 a pound; Safeway: New Zealand lamb best end joint £1.34 a pound.

# The mortgage that gives you a little Xtra now costs you less.

NEW REDUCED RATE

10.8% 11.6% APR

The Halifax Home Buying Service already offers you much more than a mortgage. It's a fast and comprehensive service designed to get you the home you want with the least possible trouble.

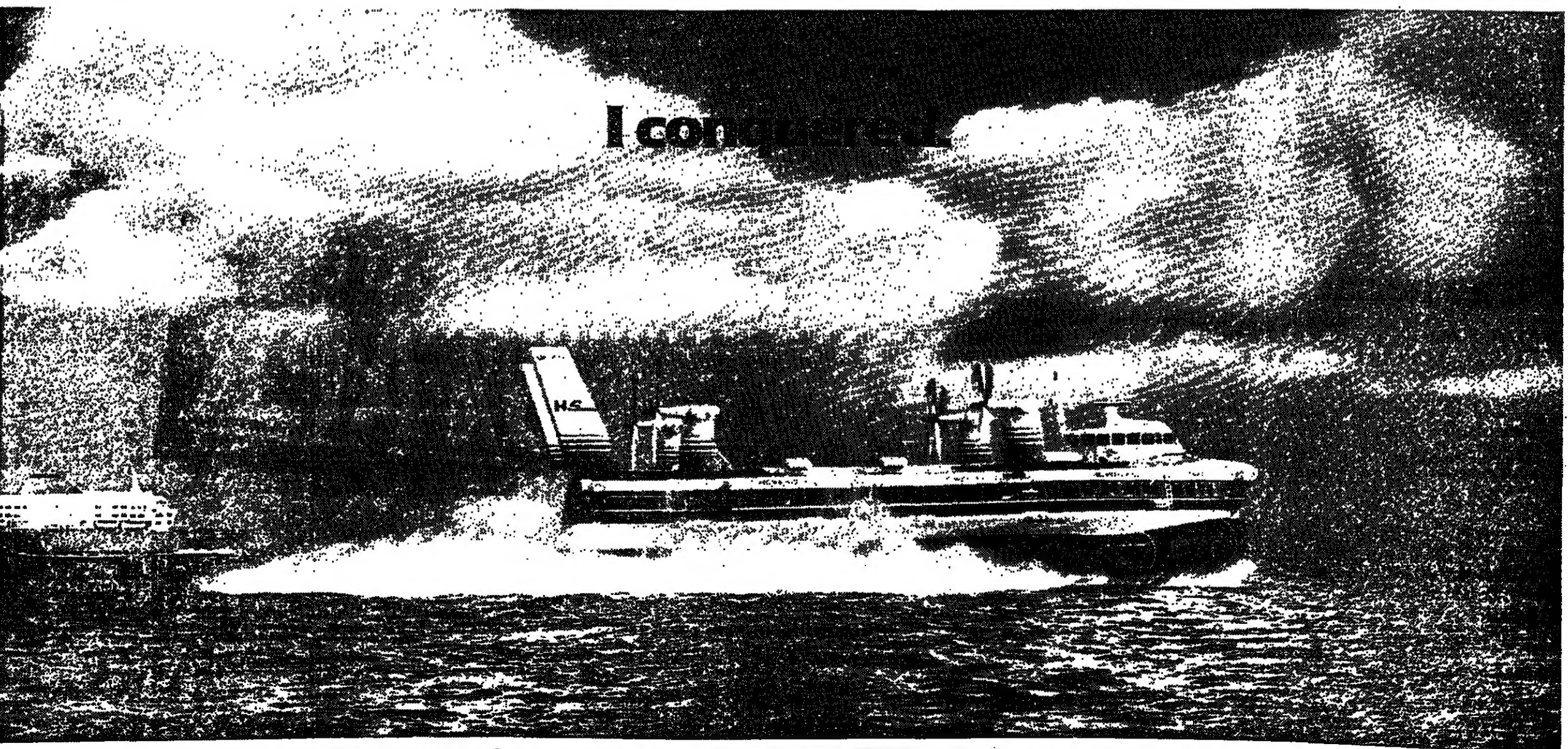
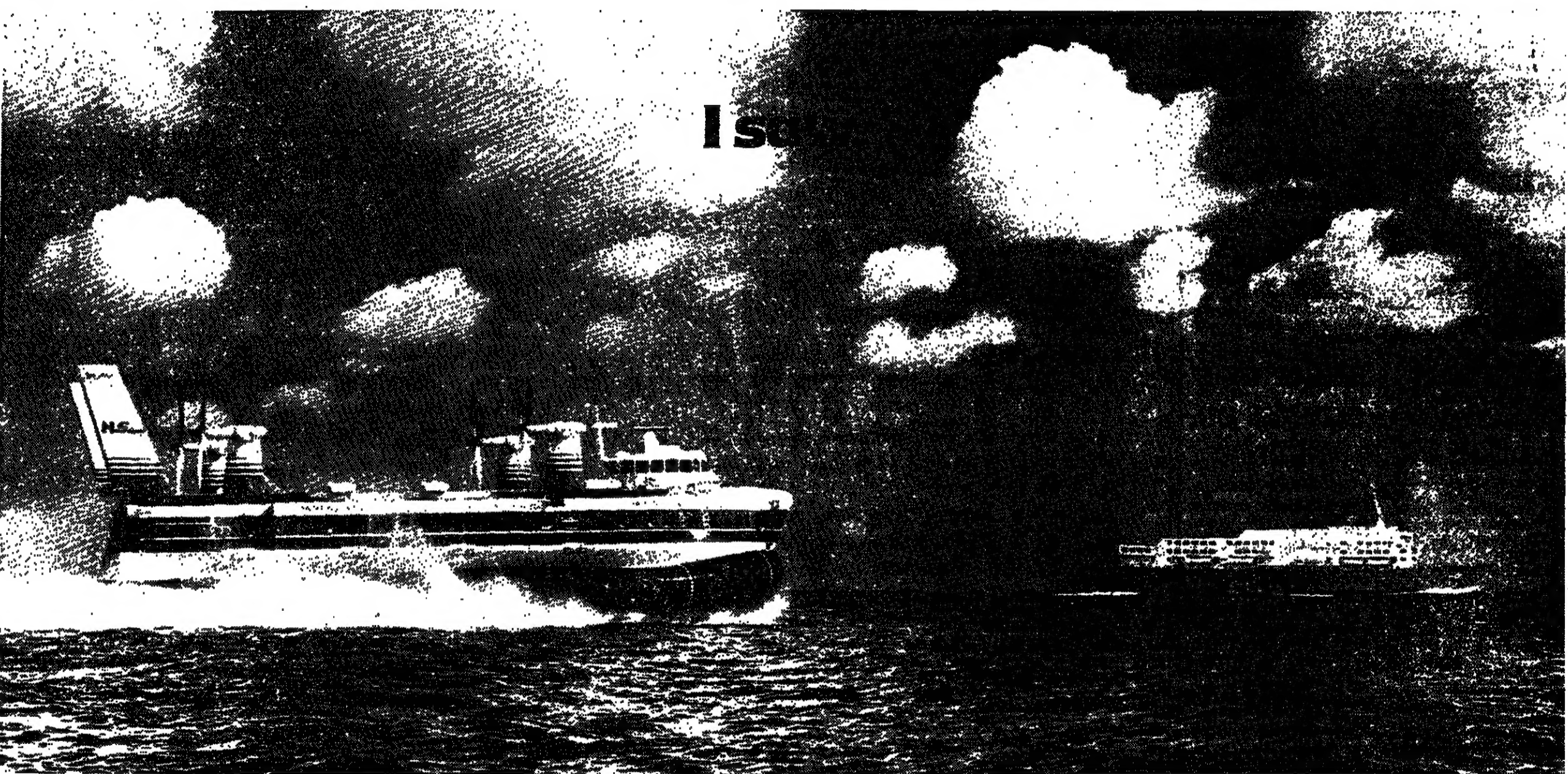
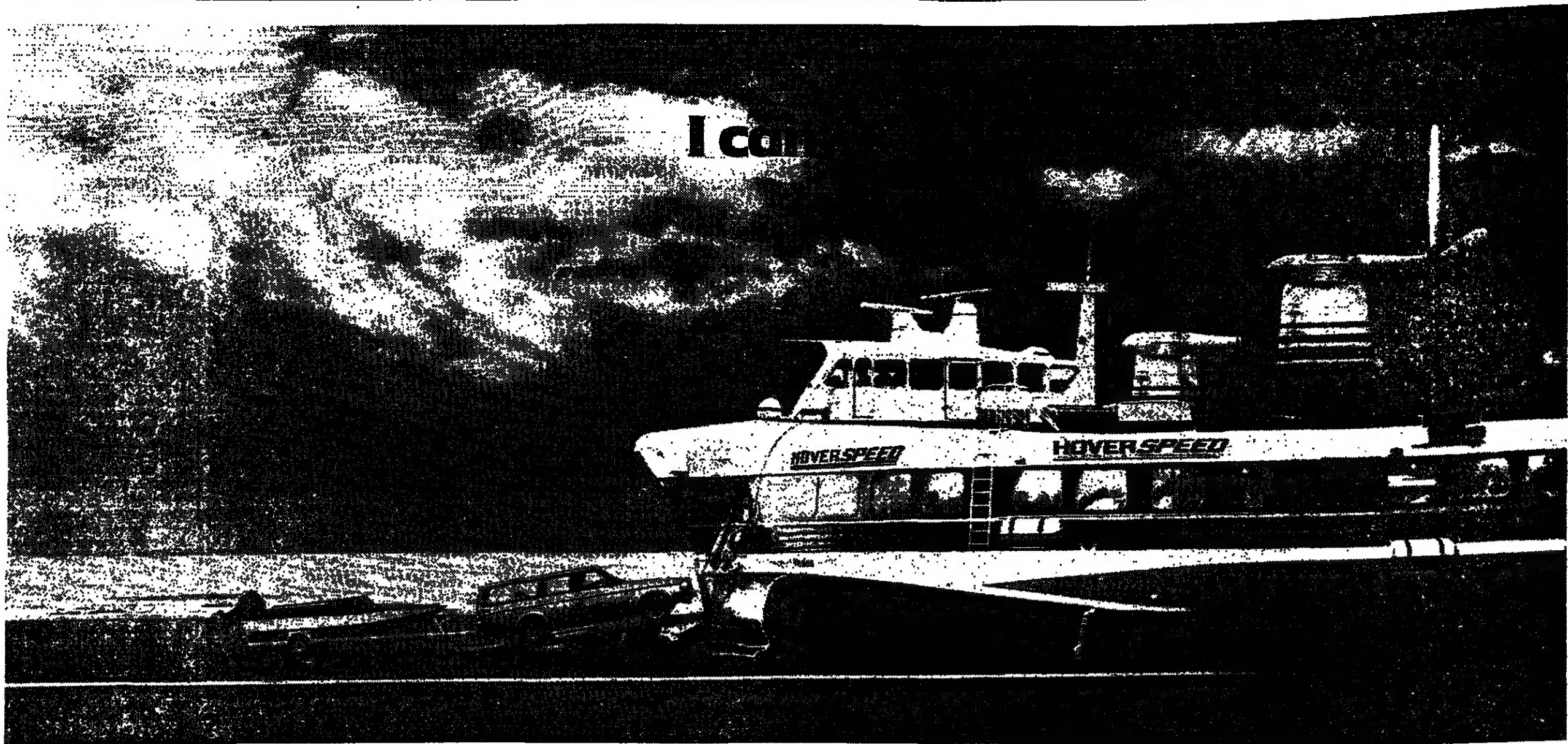


WE'RE NO. 1 FOR MORTGAGES.

Now we've cut the interest rate on new mortgages to 10.8% (11.6% A.P.R.). So if you're looking for a mortgage the very first thing you should do is visit your local Halifax branch. Where more costs less.

IF YOU HAVE ALREADY APPLIED FOR A HALIFAX MORTGAGE BUT NOT YET COMPLETED THE PURCHASE YOU WILL BE ADVISED OF THE NEW RATE SHORTLY. YOUR PROPERTY IS SECURITY FOR A LOAN. A.P.R. SHOWN IS TYPICAL OF A LOAN FOR 25 YEARS. RATES CORRECT AT TIME OF GOING TO PRESS BUT MAY VARY. FOR WRITTEN DETAILS CONTACT YOUR LOCAL OFFICE OR WRITE TO HALIFAX BUILDING SOCIETY, P.O. BOX 60, TRINITY ROAD, HALIFAX, HX1 2RG.





Just X minutes after loading the first car on board, we're ready for take-off. For the next XXXV minutes we serve drinks and duty-frees to your guaranteed seat. Then you can drive straight off at Calais or Boulogne in V minutes. As they say, *tempus fugit*.

**HOVER SPEED**  
Half the time. Twice the style.

WE OPERATE UP TO 27 FLIGHTS A DAY FOR CAR AND PASSENGER RESERVATIONS WITH GUARANTEED SEATS SEE YOUR TRAVEL AGENT OR PHONE 01-554 7061 OR (0304) 240241. FOR BROCHURES PHONE (0304) 240202 OR WRITE TO HOVER SPEED LTD, FREEPOST, DOVER, KENT CT17 9BR

WORLD SUMMIT  
Central Am  
summit in c

Vatican  
criticised

Two die after

'Guerrilla'  
kills three

Bardot sale ree

Long term c  
grow as I T I

Sartorial U



## WORLD SUMMARY

## Central American summit in danger

Managua — Plans for a summit meeting of Central American presidents to discuss a new peace initiative for the region appear to be in tatters after Nicaragua's refusal to accept postponement of a meeting (David Gollob writes).

Denouncing the delay as a trap set by the Reagan Administration to buy time for Congress to vote on more aid for anti-Sandinista rebels, President Ortega has said that Nicaragua would attend the summit meeting only as scheduled. It was to have been held in Guatemala on June 25 to discuss peace proposals sponsored by President Arias of Costa Rica, but Guatemala, Honduras and Costa Rica agreed to a request from El Salvador to put it off to early August.

## Vatican criticized

Jerusalem — Israel has condemned the Pope's decision to meet President Waldheim of Austria, who makes an official visit to the Vatican next Thursday (Jan Murray writes). It is the first overseas trip by the President since his election amid claims that he had been involved in war crimes. The US has barred his entry into the country.

An official statement by the Foreign Ministry said that the decision "surprised the Jewish world and the state of Israel."

NEW YORK: Jewish organizations in the United States and France also condemned the invitation. British and Italian Jews have already protested.

## Majorca chaos fear

Madrid — More than 1,200 of the Majorca bus drivers who usually take tourists to their hotels from Palma airport, as well as on island excursion trips, are threatening to go on indefinite strike from tomorrow (Richard Wigg writes).

They work for some 60 transport firms specializing in the tourist trade, and claim that their employers obligate them to work too long hours, breaching a wage and conditions of work agreement signed only last March. Hoteliers fear that the strike by bus drivers could mean worse disruption for the island than that caused by the recent stoppages on Spanish airlines.

## Two die after bar fight

Athens — Two foreign tourists, a Briton and a Dutchman, have been found dead on the west coast of Corfu after a quarrel with two Greek brothers who own a local bar (Mario Modiano writes). The Briton, identified from his passport as Daniel Ralph Bernstein, aged 31, a designer born in Manchester, had been camping at a nearby beach with a friend. A post mortem examination found that the two foreigners drowned after sustaining multiple injuries from a fall. The two bar owners are being questioned.

## 'Guerrilla' Cash for kills three

Harare — Three peasant farmers have been shot dead this week in western Zimbabwe (Jan Raath writes). Security sources said here yesterday they believed the killings to be the work of a renegade guerrilla known as Gwasela.

The three were shot in the Fingo location, about 25 miles north-east of Bulawayo.

Security sources said that Gwasela was identified by two off-duty members of the government militia he had taken hostage. He is blamed for more than 70 deaths in Matabeleland, including 11 — five of them white farmers — in the past five weeks.

## Bardot sale recount

Paris (AP) — The French actress Brigitte Bardot's "most treasured" personal property has fetched 3,021,000 francs (£304,000) — nearly half a million francs less than previously thought but still enough in French law to establish her animal protection foundation. The auctioneer said the discrepancy was caused by the difficulty in calculating bids coming from several rooms at a time.

Miss Bardot, aged 52, said: "I gave my beauty and my youth to men, and now I'm giving my wisdom and experience, the best of me, to animals."

## Long term economic fears grow as ITT quits S Africa

From Michael Horasby, Johannesburg

ITT Corporation, the telecommunications, manufacturing and services company, has joined the ranks of US multi-nationals pulling out of South Africa.

ITT said it had sold its subsidiary, Alfred Teves Engineering SA Ltd, which employs about 300 people and manufactures car brakes, to a local South African company, Glasfin Investments Ltd.

The company also announced that it would sell its minority holdings in South African telephone directory and cable businesses.

ITT joins a list of about 90 American companies which have pulled out of South Africa since the end of 1984. Its withdrawal comes in the same week that Citicorp, the biggest US bank, sold its Citibank South Africa subsidiary to First National Bank of Southern Africa — formerly Barclays.

Although US disinvestment has continued for some time, it is only in the past 12 months that leading firms have begun to pull out. But announcements of corporate withdrawals have long ceased to have much impact.

In almost all cases, the parent companies have sold their interests here, usually at

bargain prices, to local management or other local companies. The sales contract in some cases includes a "buy back" option.

The successor company, operating with the same work force, but trading under another name — General Motors, for example, is now

Johannesburg — In a ceremony that two years ago would have been illegal, Mr Hendrik Koornhof, aged 24, nephew of Dr Piet Koornhof, Pretoria's Ambassador to Washington, has married Miss Basheba Robert, aged 21, a mixed-race Coloured woman (Michael Horasby writes). They will need a permit to live together and their children will be classified Coloured. Such couples can live only in the area of the darker partner.

known as Delta — continues to market the products and have access to the technology of the former parent company.

Only one American multinational, Eastman Kodak, the photographic equipment manufacturer, has so far closed down its entire South African operation, laying off its 480 employees and stopping the supply of its products to the country.

In terms of putting pressure

on Pretoria to change its policies, disinvestment has so far been counter-productive, making the Government even more intransigent and at the same time rallying whites behind it. But economists and other independent commentators believe that the long-term effects of disinvestment, measured in loss of access to foreign capital and expertise, could be serious.

Business Day, the country's leading financial newspaper, said yesterday: "It is not the single blow that matters, but the campaign which must, in the end, steadily sap South African strength. Each departing company breaks another link with the West, and puts out another light."

The public position of the main black trade union group, the Congress of South African Trade Unions, is still that it favours disinvestment.

The irony has not been lost on trade union leaders that some of the South African companies which have taken over the assets of departing American firms have immediately withdrawn from the Sullivan Code of equal opportunities and announced that they will do business with anybody, including the South African Police and Defence Force.

## Sartorial U-turn for New York's taxi drivers

From Charles Bremner New York

English may be an unknown language to many New York taxi drivers, and finding Fifth Avenue an insoluble problem for some, but at least now on they will no longer be dressed in swimming trunks or T-shirts.

The Taxi and Limousine Commission, which oversees the 12,000 yellow cabs that ply New York's pot-holed streets, has decided to ban some of the

sartorial extremes adopted by drivers in the summer.

Shirts must have collars and sleeves and legwear — whether trousers or skirts — must at least extend to mid-thigh, under the new code which replaces an old regulation which merely stated that drivers must be "clean and neat in dress and person".

The commission said that the new rules were aimed at responding to public complaints and sought to "pro-

fessionalize the drivers". New York follows other cities in adopting a dress code as a way of "raising the self-esteem" of taxi drivers.

But clothes, for long-suffering New Yorkers, are often the least of their troubles in their dealings with a form of transport that in Manhattan provides the only alternative to the adrenalin rush of a trip on the world's worst underground, the limited bus service or the costly car.

A working knowledge of Spanish, Polish or Serbo-Croat is a handy tool for explaining basic geography to the many drivers who have only recently arrived in the Big Apple.

Taxis in other cities can cause culture shock, even for US-born New Yorkers. Mr Rudolph Giuliani, the crusading federal prosecutor who has become a celebrity for his battle against the Mafia and insider traders, said he was

stunned this week by a Washington cab driver's reaction after he tore his trousers in the car on his way from the airport to a give a speech.

The driver, who did not recognize him, took him to a tailor and refused to take payment for the fare. Mr Giuliani said he wants to bring him to New York so that the Mayor, Mr Edward Koch, could present him with the award for "Cab Driver of the Year".

## Emirates seek face-saving formula after coup

From Robert Fisk Dubai

The coup that wasn't — or so the United Arab Emirates would apparently have the world believe — remained in a state of verbal limbo last night as leaders of six of the Emirates tried to find a face-saving formula that would nominally return Sheikh Sultan al-Qasbi to the ruler's palace in Sharjah, after the takeover of his sheikhdom on Wednesday by his brother, Sheikh Abdul-Aziz.

But last night, with King Fahd of Saudi Arabia writing personally to Sheikh Zayed al-Nahayyan, the President of the UAE and ruler of Abu Dhabi, to express his concern for the stability of the Emir-

ates, the Supreme Council representing all seven sheikhdoms appeared unable to find a way of reconciling the two brothers and restoring Sheikh Sultan.

There was widespread belief in the Emirates during the day that Sheikh Zayed, who is a close personal friend of Sheikh Abdul-Aziz, had considerable foreknowledge of the bloodless coup, and that the authorities in Abu Dhabi had tacitly approved the enforced "abdication" of Sheikh Sultan. The latter was believed last night to be installed in the guest palace in Dubai, whose rulers have vociferously objected to the overthrow.

Although the implications of the crisis for the facade of

Arab unity, which the Gulf states are trying to create, are fairly obvious, the roots of the coup in the Emirates lie both in Sharjah's serious economic plight and in the relationship between the two brothers and the rest of the al-Qasbi family. Sheikh Sultan had been widely criticized for prodigious public spending at a time when his Emirate had outstanding bills of \$1 billion (£613 million).

Furthermore, Sharjah had in the past incurred the displeasure of Sheikh Zayed, Abu Dhabi's generous ruler who gave prodigiously to the Emirates' federal budget to help the poorer sheikhdoms like Sharjah. In 1985, for example, Abu Dhabi contributed the largest individual

share of the budget, while Sharjah paid not one dirham to the fund.

But personal relations are also of great importance in the Arab world, none more so than in the Gulf area, where the tribal links between nations are stronger than anywhere else. Sheikh Sultan is a scholastic man — he earned a doctorate in history from Exeter University and holds an agriculture BSc from Cairo — and spends a considerable portion of his time travelling abroad. He has even written a series of monographs on the history of Sharjah. But local patriotism appears to have been not enough.

Sheikh Abdul-Aziz, who at 50 is two years older than his brother, is less well educated

but an undoubtedly more powerful figure in the sheikhdom, not least because of his friendship with Sheikh Zayed.

He was privately tutored and was later schooled in India, but it was Sheikh Sultan who made him head of the National Guard in Sharjah and it appears that Sheikh Abdul-Aziz was one of the very few men whom the ruler turned to for financial advice.

Sheikh Zayed's friendship goes back to the day of the Trucial States, when Sheikh Abdul-Aziz was the senior Arab officer in the Trucial Scouts, the British-Arab officered mercenary troops who kept order in what was later to become the Emirates.

The story told in Abu Dhabi

is that Sheikh Abdul-Aziz took Sheikh Zayed's side in the struggle against the Saudis, who were trying to take over the Buraimi oasis on the Omani side of Al-Ain. Sheikh Zayed, so it is said, maintained a soft spot for Sheikh Abdul-Aziz and quietly gave his support to his former benefactor when other members of the al-Qasbi family decided this week that the sheikhdom's financial predicament could be rectified only by Sheikh Sultan's departure.

Sheikh Abdul-Aziz was still in his brother's office in Sharjah last night, even though the "abdication" of the Sultan — according to the Emirates Supreme Council — had been decreed "null and void".

## American journalist feared kidnapped in Beirut Shia area

Beirut, Lebanon (AP) — An American journalist, Charles Glass, and the son of the Lebanese Defence Minister are feared kidnapped in a Syrian-policed Shia suburb of Beirut.

Security sources said Mr Glass, aged 36, disappeared on Wednesday morning as he was returning to Beirut from Sidon, the provincial capital of south Lebanon.

Friends and private radio stations said Mr Glass and Mr Ali Usayran, the eldest son of the Lebanese Defence Minister, Mr Abdel Usayran, had been abducted.

If confirmed, Mr Glass's abduction would be the first of a foreigner since Syria sent 7,500 troops into west Beirut in February to quell factional fighting and curb militia anarchy. At least 24 foreigners are missing in Lebanon, many believed to be held hostage by pro-Iranian Shia Muslim extremists.

Mr Glass is a former correspondent of the US television network ABC now working on a book about the Middle East. He also has been freelancing for The Spectator.

One source said gunmen intercepted the chauffeur-driven car carrying Mr Glass and Mr Usayran in the suburb of Ouzai, a stronghold of Iranian-backed Shia ex-

tremists. There has been no claim of responsibility.

Friends say Mr Glass had gone to Sidon, 25 miles south of Beirut, for an appointment with Mr Ali Usayran.

Mr Usayran's sister, Afaf Saidi, said her brother and Mr Glass left Sidon together for Beirut in her brother's car.

"I haven't seen Ali since then. I haven't heard from him," she said by telephone.

Beirut (Reuters) — Mr Hussein Huseini, the Shia Muslim Speaker of the Lebanese Parliament, said yesterday he had reversed the decision to resign taken after the assassination of the Prime Minister, Mr Rashid Karami, on June 1.

from the family's Sidon mansion. "But it is not strange of Ali not to keep in touch." She could not confirm the kidnapping.

Mr Glass, noted for his coverage of the TWA hijacking in Beirut in 1985, crossed the city's dividing Green Line into Muslim west Beirut from the Christian sector on Monday, sources said. Friends say he had made other trips to west Beirut in violation of a US ban on travel to Lebanon by American citizens.

LONDON: Mr Glass's wife, Fiona, yesterday contacted senior Lebanese militia

leaders in an attempt to secure her husband's release (Nicholas Beeston writes).

Mrs Glass said at her west London home that she was "very concerned" about the reports of her husband's abduction but emphasized that there was still no confirmation that he had been kidnapped.

She also made it clear that her husband was in Lebanon as a writer working on a book about the Middle East, and was no longer a correspondent for ABC.

Friends said Mrs Glass was "very apprehensive" about her husband's decision to return to Lebanon, in spite of the good personal contacts he had with high-ranking Lebanese government and militia leaders of all religions.

"These people will stop at nothing," said one diplomat. "After they took Terry Waite they made it clear they were prepared to take anybody."

After Mr Waite's disappearance in February, Mr Glass wrote an article for The Spectator in which he warned that Lebanon's kidnappers "have every reason to go on kidnapping" because, he claimed, Western nations were making deals to secure their release.

## Disenchanted reporter falls victim to his search for truth

By Our Middle East Correspondent

Charles Glass is, typically, the only American journalist to have returned to west Beirut for a week at a time when all his other American colleagues decided to stay away. He probably has more Lebanese friends than any other Western correspondent, because his affection for that country approaches an obsession. He is in that sense — and as usual —

one of the last people anyone would expect to be kidnapped.

Only two days ago — and one day before he was kidnapped in the suburb of Ouzai — he asked, in that rather academic, distant way of his, if security really existed now in west Beirut. "Is it safe, do you think? Are you worried?" he had asked an old Lebanese colleague in Beirut. Told that life was more secure with Syria's presence but still unsafe, he thought for a moment

and replied: "Yes, that's what I thought."

Mr Glass, a tall and strikingly handsome man who looks younger than his 35 years, distinguished himself in 1985 with his detailed and accurate reporting of the TWA hijacking for the American Broadcasting Company (ABC) network. Leaving all his television colleagues far behind him, he managed to secure the only television interview with the pilot of the hijacked jet,

Captain John Testrake, while gunmen stood on the flight deck. His film of the supper given to the hijacked American passengers by their captors in a seafaring hotel before their release was a scoop which made him the envy of his network colleagues.

But Mr Glass always criticized the inadequacy of a medium which allows most reporters a maximum of only two minutes to describe the complexities of a Middle East

crisis and last year he left ABC to write a travel book on the Levant, moving through Turkey and Syria to Beirut. He is more than familiar with war in Lebanon.

Mr Glass has written publicly of his disappointment with American television coverage of the Middle East, condemning what he sees as a persistent and apparently unalterable bias towards Israel in the American media.

It was because of this dis-

satisfaction that he left television and decided to write a book. He said this week that he felt unhappy at his own inability to tell what was really happening on American television, and that a book on Lebanon could probably reflect reality more vividly, which is why he returned to Beirut where he was so quickly to become the 25th Westerner missing in Lebanon, the 10th American hostage, and the fourth journalist held captive.

## Drug case remand



Captain Simon Hayward of the Lifeguards, centre, handcuffed to a Swedish policeman, entering court in Uppsala, yesterday, where he was remanded in custody on drug smuggling charges.

The court, in its second extension of a custody order, gave the prosecution another four weeks to prepare its case. He is suspected of being in a drug ring operated from Uppsala.

## Britain still hopes to avoid complete break with Iran

By Andrew McEwen, Diplomatic Correspondent

There was no certainty yesterday that the Anglo-Iranian crisis was over after Britain cut the relationship to one diplomat each.

Hopes that Iran would accept the situation were based on a Tehran radio broadcast. This implied that Iran, not Britain, had taken the initiative, which seemed to absolve Tehran of any domestic need to react.

Any further action by Iran would leave Britain little alternative but to break off diplomatic relations, but it is hoped it will not come to this.

Although the two countries will not be able to talk to each other in Tehran or London, as the single diplomat in each capital will be only a caretaker, dialogue can in theory continue elsewhere.

With 18 per cent of the Royal Navy already committed to escorting tankers in the Gulf, the risk of a military mistake leading to a deeper British involvement is seen as one of the main hazards of British foreign policy.

A break in relations would also reduce further Britain's chances of obtaining the release of the Archbishop of Canterbury's special envoy, Mr Terry Waite, and other hostages in Beirut, as well as Mr Roger Cooper, a British businessman held without trial in Tehran for 18 months.

There is at least a hope that relations might be reactivated after a pause. Less than seven years ago, Britain withdrew all but one of its diplomats from Tehran during the American hostages crisis. When the danger passed, numbers were gradually built up to 19.

There has been astonishment among some Europeans that Britain has allowed an apparently trivial matter to escalate dangerously.

The crisis might have been avoided if a less literal interpretation of the Vienna Convention had been applied. Mr Ahmed Ghassemi, Iran's vice-consul, who was accused of stealing five pairs of socks and a purse, had a restricted diplomatic immunity cover-

ing only his official duties.

But the convention generally implies that no diplomat with any kind of immunity should be arrested unless on a serious matter.

The dispute might have ended on June 6, after Britain's decision to close Iran's Manchester consulate. But, on June 10 the Foreign Office took a further step which was intended to cool the row, but which Iran interpreted as a further expulsion of two diplomats. Subsequent tit-for-tat measures led to yesterday's move.

Britain's image as seen by some European partners will be enhanced as regards firmness, but diminished in terms of the ability to distinguish between national interest and immediate objectives.

In reply to the criticism, Whitehall sources said that at each stage Britain's wider interests were considered. "We took what we thought was a measured response. Unless you have a reaction you cannot have a genuine dialogue."

## How a diplomatic crisis developed

Main events in the Iran crisis: May 9: Mr Ahmed Ghassemi, vice-consul at Iran's consulate in Manchester, accused of shoplifting. Given police bail until May 26.

May 26: Mr Ghassemi failed to appear.

May 28: Mr Ghassemi arrested after police chase. Charged with driving recklessly, assaulting a police officer and damaging the officer's watch, plus the shoplifting allegation.

June 5: Two British diplomats and their dependants withdrawn from Tehran.

June 6: Tehran expelled five British diplomats, including Mr Chaplin. One week to leave.

June 9: Mr Chaplin and family arrived home. Four

May 29: Mr Chaplin released after 24 hours. Unspecified allegations against him.

May 31: Iran's Charge d'Affaires summoned to Foreign Office and rebuked.

June 1: Mrs Thatcher called the situation "outrageous".

June 4: Britain ordered closure of Manchester consulate.

Told Iran to withdraw its five staff, including Mr Ghassemi. Given until June 10 to leave.

June 5: Two British diplomats and their dependants withdrawn from Tehran.

June 6: Tehran expelled five British diplomats, including Mr Chaplin. One week to leave.

June 9: Mr Chaplin and family arrived home. Four

departing Iranian diplomats delayed at Heathrow.

June 10: Britain adopted principle of strict numerical reciprocity. Ceiling to be 16 diplomats each from June 24.

June 11: Iran expelled four named British diplomats. Given 72 hours to leave.

June 15: The four arrived home.

June 16: Two diplomats, a secretary and three dependants arrived home after being withdrawn by Britain.

June 17: Britain withdrew four of the remaining six British diplomats.

June 18: Britain effectively expelled 15 Iranian diplomats. Both countries to have one caretaker diplomat each.



# BARCLAYS INTRODUCES THE CHEQUE YOU DON'T HAVE TO WRITE.



Our customers have always been better off.

The reason being they were first to benefit from credit cards, cash dispensers, personal bankers and Saturday opening.

This time it's Barclays Connect - the first current account card.

Using it is like paying by cheque except you don't have all the bother of writing one out.

You just hand over the card and sign the sales slip. It's as simple as that. (The cost of the purchase is deducted from your existing Barclays current account just like an ordinary cheque.)

What's more you're not held to a £50 cheque guarantee limit. You're free to spend as much as you have in your account.

Barclays Connect is quite an asset in several other ways, too.

Getting cash from cash dispensers for instance, paying household bills, buying things when you're on the phone or even when you're abroad on holiday.

That's because you can use Barclays Connect at over 5 million Visa outlets worldwide.

Perhaps the best news of all however, is that this invaluable new card is issued free.

Whether you bank with Barclays or not, to find out more please complete the coupon.

Even that shouldn't take as long as it does to complete a cheque.

Please send me more details about the new Barclays Connect Card.

Name

Address

Postcode

I am/am not\* a Barclays personal current account customer.

\*Delete as applicable.



**BARCLAYS**

Send to: Customer Services Section, Barclays Bank PLC, P.O. Box 21, Bridge Road, Southall, London UB2 4AB.

ISSUED BY THE



## Crisis in EEC deepens as ministers fail to agree farm price freeze

From Our Correspondent, Strasbourg

European Community agriculture ministers broke up at dawn yesterday after all-night negotiations failed to freeze farm prices and implement vital policy reforms.

Their failure to reach agreement threatens to deepen the Community's financial crisis, with farm spending set to overshoot the 1987 budget by more than £3.5 billion.

The breakdown, comes amid reports that the European Commission president, M Jacques Delors, and his Brussels team are considering mass resignation later this year if the Community's financial problems are not sorted out to the Commission's satisfaction.

The farm price talks foundered partly on a threat by Herr Ignaz Kiechle, the German Minister of Agriculture, to veto changes to the complicated system of agricultural exchange rates and the EEC cereals policy. He feared they would damage the interests of German farmers.

But the main stumbling block to an agricultural agreement was the controversial proposal for a £230-a-tonne consumption tax on fats and oils, which would put up the price of margarine and cooking oils in the shops and could seriously damage trade relations with the United States.

and Third World suppliers of vegetable oils.

The tax is scheduled to add £1.4 billion a year to the Community's coffers. But Britain, Germany and the Netherlands, the countries most adamantly opposed to the tax, have not proposed alternative sources of extra cash. Britain has called instead for extra savings on farm spending.

Mr Henning Christophersen, the EEC Budget Commissioner, this week claimed that without the fats and oils tax the Community would need to levy 1.9 per cent of value added tax next year.

Currently the 12 member nations are bound to pay over to Brussels a maximum 1.4 per cent of VAT, already recognized as inadequate.

M Delors has proposed a new system of funding the Community that would raise its resources by 50 per cent by 1992. He wants to collect the money from member states on the basis of their relative economic strength. Meanwhile, the Commission wants an extra £1 billion to cover part of this year's shortfall.

But Britain has warned there must be no new cash for the EEC until a reform of agriculture policy is agreed.

Instead, for 1987, Britain supports switching the Com-

munity's system of advance payments to member states for agricultural spending to a regime of reimbursements. This is recognized as an accounting trick that would take £2.8 billion out of this year's budget and charge it to next year.

But in Strasbourg yesterday the British stance received only partial backing from members of the European Parliament, which has considerable powers to hold up Community financial decisions.

The Parliament said the Community needed "special additional revenue for the 1987 budget in order to meet its commitments and avoid a new large budget deficit". But it warned against short-term measures that would simply place the burden on next year's budget.

Mr Peter Price, the European Conservative spokesman on the budget (London South-East), said: "The Parliament is in no mood to put up with creative accounting measures designed to delay the Community's day of reckoning."

Mr Price claimed the Parliament could delay acceptance of the extra cash for 1987 and block the 1988 budget, unless the agriculture policy is brought in line with economic realities.

## Clashes in Canadian postal strike

Ottawa — The selective strike by Canadian mail carriers turned ugly yesterday with clashes outside postal depots in St John's, Newfoundland, and Halifax, Nova Scotia (John Best writes).

In St John's, police were called in to escort replacement

workers across union picket lines after scuffles. Six strikers were arrested, including the president of the local union, and a lorry was damaged. In Halifax, a police riot squad escorted two busloads of replacement workers across picket lines.

There has also been scattered violence and a number of arrests in other cities across Canada as postal workers walk off their jobs over demands by Canada Post that the 15,000 letter carriers accept reduced job security and less generous working rules.

## Outgoing Nato chief warns of arms deal risks

From Michael Evans  
Defence Correspondent  
Brussels

General Bernard Rogers, the Supreme Allied Commander of Nato, has given his strongest warning yet that the last batch of medium-range missiles removed from Europe under an intermediate nuclear forces (INF) arms deal with the Russians must be linked to an agreement on conventional and chemical forces.

He also gave his full support to West Germany which, despite angry Soviet opposition, wants to keep its 72 Pershing 1A shorter-range missiles out of the treaty. These "third country" missiles could be modernized into longer-range Pershing 1Bs, General Rogers said.

Tromsø (Reuters) — A Norwegian oil rig supply vessel tried to trade pornographic magazines for vodka with the crew of a Soviet submarine in the Barents Sea on Sunday. Major Gunnar Mjell, a Nato official, said the Norwegians threw a bag with the magazines on to the submarine's deck. But when asked if they had any vodka the Russians said "no".

In an interview with *The Times*, General Rogers, who is retiring next Thursday and handing over to his successor, General John Galvin, revealed his personal fears for the future. "I am a firm believer in arms reductions, because I think the future all of us want will be dependent on successful negotiations of those reductions. But the cardinal principle under which we operate at Shape (Supreme Headquarters, Allied Powers Europe) is: accept no agreement which impacts on the credibility of our deterrent."

"And the fact is that zero INF does reduce the credibility of our deterrent. There is no other way that it can be judged. I have been unhappy about it since it was suggested in 1981. "I thought it was a magnificent political play in 1981, but



General Bernard Rogers, Nato's retiring Supreme Allied Commander, in reflective mood. In an interview with *The Times*, General Rogers said any arms deal should be linked with agreement on conventional forces. (Photograph: Peter Trievnor)

it gave me gas pains militarily and it still does."

He added: "Governments come and go and when the crunch comes, who has to live with the results of our decisions? People, and that bothers me. But if we are going to have that agreement, and we will, then what do you do to keep the credibility as high as you can? That's why some of us have been saying that we ought to link the elimination of the final increment of the cruise and Pershing 2 and SS20s to a satisfactory agreement on conventional and chemical forces."

General Rogers said: "I just think that we have moved too damned fast without projecting forward what the consequences will be, and I think the United States has put too much pressure on the allies to get an agreement for agreement's sake. So, until it's signed, I feel free to speak out on what I think the consequences will be."

General Rogers, who has never failed to speak his mind during his eight years as Supreme Allied Commander, is also convinced that Nato should match the Soviet capability in shorter-range

missiles by converting the Pershing 2 weapon system into Pershing 1B to be able to strike at Soviet targets in Poland, East Germany and Czechoslovakia. Under the present draft treaty, the Soviet shorter-range missiles would be eliminated, not matched by Nato. "That's why I was pleased that the Germans held off for the 72 Pershing 1A's," he said.

General Rogers warned that, if all the medium-range missiles were withdrawn, all that would be left would be maritime depth bombs "with a range of zero", a sizeable

number of 15 kilometre-range artillery-fired atomic projectiles, the Lance short-range missile with a range of 115 kilometres, and nuclear-capable aircraft "whose bombs would only go as far as the aircraft's range would permit and their capability to penetrate, despite Mathias Rust and his Cessna".

General Rogers said that once cruise and Pershing 2 had been removed under an arms control deal, it would be vital for Nato's dual capable aircraft to be given a longer range and greater capability to penetrate Soviet air defences.

## Poll blow to Gandhi in Haryana

From Kuldip Nayyar  
Delhi

The ruling Congress (I) Party of the Indian Prime Minister, Mr Rajiv Gandhi, has suffered another serious electoral setback by being routed in state elections in Haryana.

In what was Mr Gandhi's 40th straight defeat in state elections, the Opposition's combination of Lok Dal, a farmers' party, and the Bharatiya Janata Party (BJP), representing Hindu nationalism, has won a clear majority, taking 51 of the 67 seats declared so far. It is a 90-member house but elections in three constituencies have been deferred.

Mr Devi Lal of the Lok Dal will be the next Chief Minister, a position which was held by him in 1982 when Congress had reduced his majority by winning over his members to form the government. This was being cited as one of the reasons for the Congress party's defeat.

The wider reason, however, was the waning popularity of Mr Gandhi, who travelled through many constituencies to appeal to voters in the name of "India's stability".

For the first time, a state assembly election has been fought on national issues, mostly on the acts of omission and commission of Mr Gandhi's Government.

The old slogan of caste did not figure, nor the fact that Congress was a "protector of the lower strata". The Lok Dal and the BJP combination concentrated on the instances of corruption by Mr Gandhi's Government.

After losing the entire south, Congress has been beaten in a northern state which is part of the Hindi belt. This can be ominous for the ruling party, which for so long has depended on the Hindi-speaking states.

## Tourists shot at in Malta

Valletta — Eleven people were injured when an unidentified gunman fired at a bus carrying Austrian tourists (Austin Sammut writes).

The bus was carrying 31 tourists, all from Salzburg, from the airport to a hotel. It was passing through an industrial area when it came under fire from an automatic weapon on Wednesday night.

## Pilot's flight of friendship

Moscow (AP) — A 61-year-old retired teacher from New York State flew a single-engine plane into Moscow's Sheremetyevo airport on a "friendship flight" from the US. Mr Millard Harmon landed 41 hours and 31 minutes after leaving Washington.

Unlike Mathias Rust, the West German who landed in Red Square, Soviet authorities welcomed Mr Harmon.

**Unicef arrest**  
Brussels (Reuters) — The director for Belgium of Unicef, Mr Jozef Verbeek, aged 63, was arrested and charged with indecency and incitement to debauchery against children.

**Bombing claim**  
Barcelona (AP) — The so-called Red Army of Catalonia claimed responsibility for recent bombings of offices of the US firms, Hewlett-Packard and General Electric.

**Jews protest**  
Moscow (AP) — A Jewish couple and a scientist seeking to emigrate staged a protest near the Kremlin, arguing with passers-by that they be allowed to leave.

**Asylum plea**  
Athens (Reuters) — Seven Iranians and three Pakistanis crossed from Turkey into Greece and asked for asylum.

## New Zealand budget 'surplus' questioned

From Richard Long, Wellington

Mr Roger Douglas, the Finance Minister, last night announced New Zealand's first budget surplus in 35 years when he tabled his new budget in Parliament.

The \$NZ2379 million (£138 million) surplus, the first since the Korean War sent wool prices spiralling, was greeted with scepticism by opposition MPs.

They claimed the figure involved creative accounting and sleight of hand and argued it had no relevance to previous budget measurements because of the sale of shares in public assets and the privatization of state-owned trading enterprises.

Mr Douglas acknowledged that a more useful figure was the financial deficit as gauged by the Organization for Economic Co-operation and Development (OECD).

This showed a deficit of \$NZ1.2 billion (2.2 per cent of gross domestic product), well down on the 3.7 per cent last year and 6.6 per cent in 1983-84.

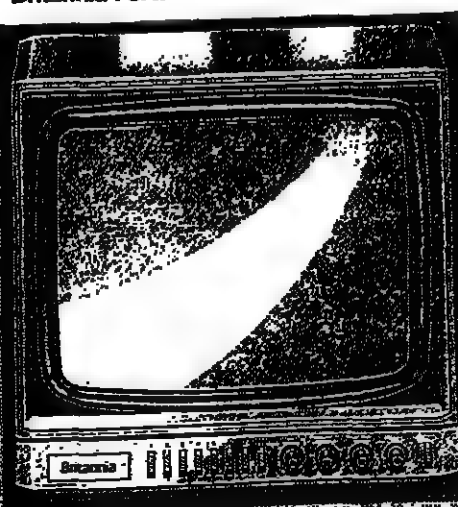
Mr Douglas intends to continue on his firm reformist path, making only the slightest election-year concessions in terms of fractional increases for superannuation, minimum family income and family support for the lower paid.

Mr Douglas foreshadowed the sale of shares in Air New Zealand, the state oil exploration company, Petrocorp, and the Development Finance Corporation.

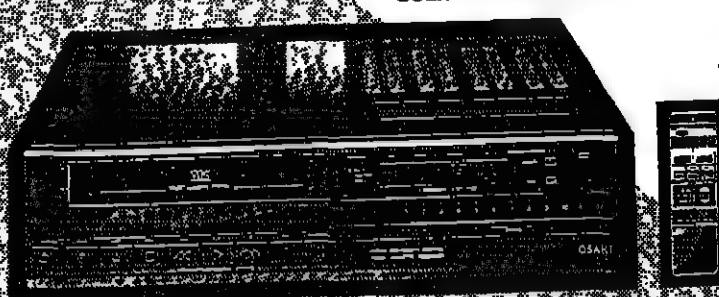
In a clear warning to the Labour left, which opposes the sales, Mr Douglas said the only alternative would be massive cuts in health, education and welfare spending.

# SALE NOW ON

Britannia Portable Colour TV £129.99



Osaki VCR32 £249.99



Amstrad VCR 4600 Video £299.99

9 months' Interest Free Credit\*



RING 01-200 0200 ANY TIME FOR YOUR NEAREST BRANCH.



THE PREVIOUS PRICES HAVE BEEN CHANGED BUT NOT NECESSARILY FOR 28 CONSECUTIVE DAYS IN THE LAST 30 MONTHS AT RUMBELOW'S READING/NEWCASTLE-UPON-TYNE. ON SALE @ CANTERBURY @ MIDDLESBROUGH @ WHITNEY @ KENDAL AND 5-MILE END BRANCHES. \*SUBJECT TO STATUS, AGE AND WRITTEN DETAILS AT ANY RUMBELOW'S STORE. RUMBELOW'S LTD IS A LICENSED CREDIT BROKER OFFERS SUBJECT TO AFFIDAVIT HEAD OFFICE, TRINITY HOUSE, TRINITY LANE, WATFORD CROSS, HERTS EN8 7DS

# WE'LL KEEP YOU IN TOUCH



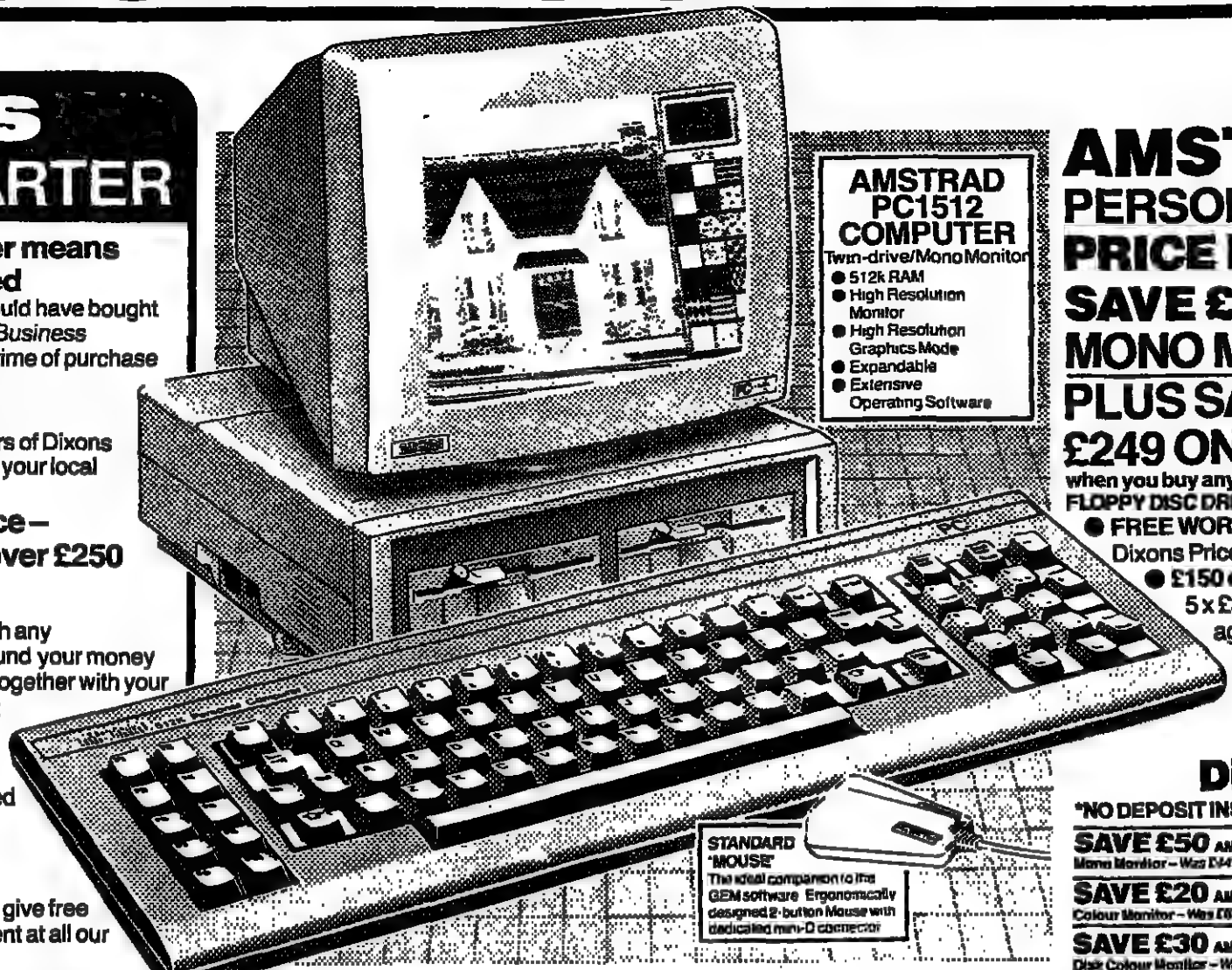
# Dixons

## Unbeatable Deals

### on Business Products

#### Dixons BUSINESS CHARTER

- ✓ **Dixons Purchasing Power means Lowest Prices Guaranteed**  
We will refund the difference if you could have bought any of our specially selected Dixons Business Product Deals cheaper locally at the time of purchase and call within seven days.
- ✓ **Dixons for Bulk Orders**  
Discounts are available on bulk orders of Dixons Business Products. Ask for details at your local Dixons Business Centre.
- ✓ **Free Delivery to your office – on business purchases over £250**
- ✓ **14-Day Money-Back Trial**  
If you are not completely satisfied with any Dixons Business Product, we will refund your money if you return it as purchased from us together with your receipt, within 14 days. This does not affect your statutory rights.
- ✓ **Top Service Support**  
You have the assurance of guaranteed prompt after-sales service with our experienced Mastercard engineers.
- ✓ **Expert Advice**  
You'll find highly trained staff ready to give free demonstrations of business equipment at all our Dixons Business Centres.



**AMSTRAD PC1512 COMPUTER**  
Twin-drive/Mono Monitor  
● 512K RAM  
● High Resolution Monitor  
● High Resolution Graphics Mode  
● Expandable  
● Extensive Operating Software

**STANDARD MOUSE**  
The ideal companion to the GEM software. Economically designed 3-button mouse with dedicated mini-D connector

#### AMSTRAD PC1512 PERSONAL COMPUTER PRICE BREAKTHROUGH

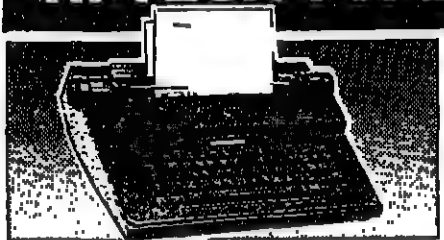
##### SAVE £60 ON TWIN-DRIVE MONO MONITOR PLUS SAVE UP TO £249 ON SOFTWARE

- when you buy any AMSTRAD PC1512 WITH FLOPPY DISC DRIVES
- FREE WORD PROCESSOR/DATABASE TWIN PACK – Dixons Price £99. (Executive Writer and Executive Filer).
  - £150 of SOFTWARE VOUCHERS  
5 x £30 vouchers – each to be redeemed against a top software title.
  - 10 FREE DEMONSTRATION DISKS  
Choose from a large range of top titles in the comfort of your home.

**Dixons Deal £499** (ex VAT)

\*NO DEPOSIT INSTANT CREDIT. £21 MONTHLY. (£573.85 inc. VAT)  
**SAVE £50** AMSTRAD PC1512 Single Disk (ex VAT) (£458.85 inc. VAT) **Dixons Deal £399**  
Mono Monitor – Was £349 (ex VAT)  
**SAVE £20** AMSTRAD PC1512 Single Disk (ex VAT) (£438.85 inc. VAT) **Dixons Deal £599**  
Colour Monitor – Was £518 (ex VAT)  
**SAVE £30** AMSTRAD PC1512 Double Disk Colour Monitor – Was £728 (ex VAT) **Dixons Deal £699**

#### HI-TECH TYPEWRITERS



**OLIVETTI Electronic Typewriter with 4kRAM Card and Spellchecker Software**  
● 16-character display (LCD)  
● 80-character single line correction memory  
● Interchangeable delay wheel  
● 10 character per second printing speed. Model: ETC120.

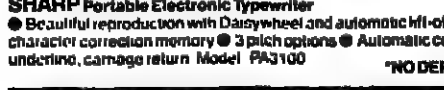
\*NO DEPOSIT INSTANT CREDIT. ONLY £12 MONTHLY. **Dixons Deal £279.99**

**OLIVETTI Electronic Typewriter with Full Office Specification**  
● Fast 14 cps ● Daisywheel ● Full automatic features ● Designed specifically for the professional user. ETC Compact 70. \*NO DEPOSIT INSTANT CREDIT. ONLY £16 MONTHLY. **Dixons Deal £349.99**



**SHARP Portable Electronic Daisywheel Typewriter**  
● 8000 character phrase memory  
● 16 character LCD display ● 3 pitch options  
● Full line correction memory  
● Automatic centering, justification, decimal tab. Model: PA3120. Was £269.99

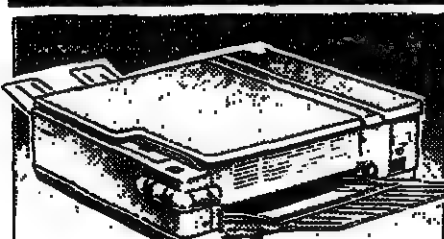
\*NO DEPOSIT INSTANT CREDIT. ONLY £11 MONTHLY. **Dixons Deal £249.99**



**SHARP Portable Electronic Typewriter**  
● Beautiful reproduction with Daisywheel and automatic left-off correction ● 65-character correction memory ● 3 pitch options ● Automatic centering, underline, carriage return. Model: PA3100

\*NO DEPOSIT INSTANT CREDIT. ONLY £8 MONTHLY. **Dixons Deal £179.99**

#### THE LATEST AND BEST IN COPIER TECHNOLOGY



**CANON FC5 Desktop Portable Copier includes two Toner Cartridges for black & blue copies**  
● Multiple sheet feed ● 6 A4 copies per minute ● Bond paper copier ● Accepts documents, books and 3-dimensional objects as originals. **Dixons Deal £599** (ex VAT) (£698.85 inc VAT)

\*NO DEPOSIT INSTANT CREDIT. ONLY £25 MONTHLY



**CANON FC3 Desktop Portable Copier With 2 Toner Cartridges**  
● Single sheet feed ● Business card to A4 ● Up to 5 copies per minute ● Bond paper copier. **Dixons Deal £499** (ex VAT) (£573.85 inc VAT)

\*NO DEPOSIT INSTANT CREDIT. ONLY £15 MONTHLY



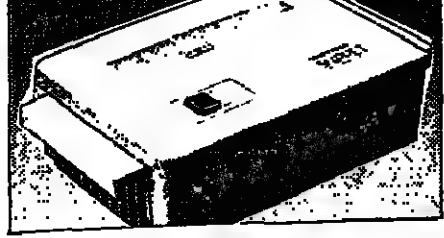
**SILVER REED CP11 Compact Thermal Copier**  
● Stylish desktop copier that's trouble-free, economical and convenient ● Takes up very little space ● Produces sharp A4 copies in under 10 seconds ● Variable copy length ● Accepts sheet or book-type originals. **Dixons Deal £345** (ex VAT) (£398.75 inc VAT)

\*NO DEPOSIT INSTANT CREDIT. ONLY £15 MONTHLY



**SILVER REED Porta Copy Hand-Held Rechargeable Copier**  
● This handy copier makes clear clean copies in seconds ● Amazingly compact and lightweight – fits in briefcase ● Fully rechargeable ● Complete with recharger ● Variable copy length. **Dixons Deal £199.99**

\*NO DEPOSIT INSTANT CREDIT. ONLY £9 MONTHLY



**SILVER REED Shredder**  
● This compact portable shredder comes with adjustable stop to fit neatly on most waste – paper baskets ● Strip-cuts memos in 'curly-O' fashion ● Shredding speed 3.5 metres per minute ● Feed opening 150mm (A5, longitudinal). Model: DS 210. **Dixons Deal £99.99**

\*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY

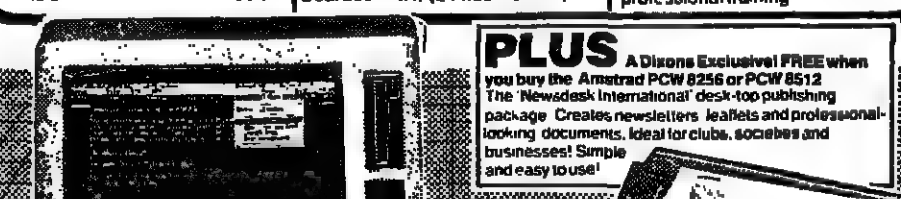
#### AMSTRAD PC1512 HARD DISK PACKAGES LOWEST PRICES EVER!

PC1512 with 20 Megabyte Hard Disk plus Colour Monitor plus Service Contract SAVE £100  
Hard Disk and 12-month on-site service contract. An opportunity to boost your personal and business efficiency – and save into the bargain.  
Was £1099 (Ex-Vat) **Dixons Deal £999** (ex VAT) (£1148.85 inc. VAT)

AMSTRAD PC1512 Hard Disk Package with Mono Monitor – Was £930 (Ex-Vat) **Dixons Deal £899** (ex VAT) (£1033.85 inc. VAT)

#### PERSONAL COMPUTING SERVICES

- ✓ **ON-SITE SERVICE** Data: phone service contracts – unlimited service calls, parts and labour covered. From £38 + VAT (Hard Disk models include service contract).
- ✓ **PROFESSIONAL SUPPORT** 885G contracts cover unlimited helpline calls and electronic mail registration with FREE 'getting started' disk offer. Dixons Deal £39 + VAT (£44.85 inc. VAT).
- ✓ **COMPUTER TRAINING** Dixons exclusive offer – £20 off any ITEC PC Training course nationwide network Government approved professional training



**PLUS** A Dixons Exclusive FREE when you buy the Amstrad PCW 8256 or PCW 8512 The Newdesk International desk-top publishing package Creates newsletters, leaflets and professional-looking documents. Ideal for clubs, societies and businesses! Simple and easy to use!



**AMSTRAD PCW8256 Word Processor/Personal Computer System**  
256K RAM. Built-in 3" disk drive. Green Screen Monitor. Dual-mode Printer. PLUS FREE 'Publishing' software.  
**Dixons Deal £399** (ex VAT) (£458.85 inc. VAT)

AMSTRAD PCW8512 Word Processor/Personal Computer 512K RAM. Twin Disk Drives. Green Screen Monitor. Dual Mode Printer. PLUS FREE Publishing software. **Dixons Deal £499** (ex VAT) (£573.85 inc. VAT)

#### Dixons NEW BUSINESS CENTRES

|                            |                                       |   |
|----------------------------|---------------------------------------|---|
| BOND STREET. 01-623-1711   | HOLBORN. 01-405-4188/9                | STRAND. 01-379-5981                           |
| BRENT CROSS. 01-202-0722   | OXFORD STREET. 01-636-8511/8711       | Also available at WALLACE HEATON. 01-629-7511 |
| EDGWARE. 01-952-0511       | REGENT STREET. 01-437-5018/9          |   |
| ABERDEEN. 0224-946077      | GLASGOW. 041-221-8828                 | NEWCASTLE. 0912-320756                        |
| BASILDON. 0268-20021       | GLOUCESTER. 0452-22193                | NOTTINGHAM. 0602-503521                       |
| BASINGSTOKE. 0256-28111    | HIGH WYCOMBE. 0494-30111              | OXFORD. 0865-243211                           |
| BRACKNELL. 0344-425386     | HOLNESLOW. 01-570-5811/4095           | PORTSMOUTH. 0705-823611                       |
| BRISTOL. 0272-22211        | KINGSTON. 01-546-2611                 | PRESTON. 0772-202103                          |
| CAMBRIDGE. 0223-353111     | LEEDS. 0532-453211                    | READING. 0742-25511                           |
| CARDIFF. 0222-28611        | LIVERPOOL. 051-708-9811               | SHEFFIELD. 0753-23211                         |
| CHELMSFORD. 0245-58511     | 58/58 Lord Street. 051-709-5004       | SLOUGH. 0438-314169                           |
| CHESTER. 0244-29311        | Central Shopping Centre. 051-709-5004 | STEVENAGE. 0438-314169                        |
| COVENTRY. 0243-28911/22448 | MAIDSTONE. 0622-679111                | WATFORD. 0923-50900                           |
| CRAWLEY. 0293-33511        | MANCHESTER. 061-832-6311              |   |
| CROYDON. 01-686-3211       | 22 St Andrew Sq. 061-832-6311         |   |
| GATESHEAD. 091-493-2002/27 | Arndale Ctr. 061-832-5476             |   |

\*Vat Price - In the price previously charged for at least 28 consecutive days within the last 4 months. TSSP - Total Separate Selling Price Merchandise shown at a reduced price has been offered at the higher price at Dixons across the country and sold at Dixons Brent Cross Shopping Centre, London, N.W.4. Offers subject to availability and to APR pricing and specification changes without notice. Instant Credit subject to status - signed bankers order - acceptable identity - recognised credit card. Credit facilities arranged by Dixons Finance plc. Credit provided by Dixons Finance Ltd. Written credit details. Dixons Ltd Regd Office: 18-24 High Street, Edgware, Middlesex. NO DEPOSIT INSTANT CREDIT - with Dixons charge card.

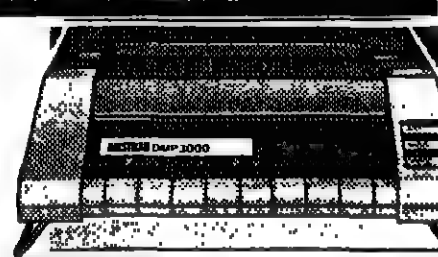
\*Typical APR 32.9% (variable).

#### PRINTER DEAL

**AMSTRAD CMP3000**

Printer SAVE £40

When purchased with the Amstrad PC1512 Twin Disk Colour Monitor ● Dual Mode Printer ● Draft or PLO ● Up to 105 cps print speed. Separate Selling Price £169 (ex VAT) £198 (ex VAT) **Dixons Deal £129** (ex VAT) (£148.35 inc. VAT)



#### BUSINESS TELEPHONES & ANSWERING MACHINES

**BT FACILITY PHONE 200**  
Ingenuous business combination of loudspeaking telephone, memory callmaker, digital clock and calculator ● 56-number memory. **Dixons Deal £129.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY



**BT EASIKOM Loudspeaking Telephone** ● Hands-free operation allows joint discussions among up to four people ● Handset for private conversation ● Mute button for confidential calls ● Last number redial. **Dixons Deal £99.99**

**GEC 20-Memory Telephone** ● 20 memory locations for your most frequently called numbers ● Pause and recall for use with FAX, Mute facility ● Last number redial. Model: T1033. **Dixons Deal £39.99**

**BT ROBIN Answering Machine**  
● Flashing message indicator ● Remote facility allows you to hear your messages from a telephone anywhere in the world ● Message storage button. **Dixons Deal £99.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY.



**ANSWERCALL DIRECTOR Answering Machine** Dixons Scoop Price on the feature-packed answering machine ● Remote message retrieval ● Remote backspace, erase and announcement timer. **Scoop Price £129.99**

#### OFFICE CALCULATORS

**CANON MP21D Full-feature Office Printer Calculator**  
● New 12-digit print display calculator ● Two colour printouts ● Full choice of calculation functions. **Dixons Deal £99.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY.



**CANON P1214 Mark 3 Heavy Duty Office Printer Calculator**  
● Versatile new 12-digit print display calculator ● Particularly flexible item count ● Printouts. **Dixons Deal £129.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY.



**CASIO DR1105 Heavy Duty Display Printer Calculator** ● 10-digit green display business calculator ● Two colour printer ● 4-key independent memory ● Double zero key. **Dixons Deal £89.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £4 MONTHLY.



#### DICTATING MACHINES

**SANYO Micro-Talk-Book**  
● Stylish executive microcassette ● Ultracompact credit-card size Model TCP 6000. **Dixons Deal £149.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £7 MONTHLY.



**OLYMPUS Executive micro-recorder** ● Ultracompact with gold-line styling ● Autocue Marking for locating key sections ● Variable Control Voice Actuator ● Double Time Fast Forward & Rewind. Model: L200. **Dixons Deal £199.99** \*NO DEPOSIT INSTANT CREDIT. ONLY £5 MONTHLY.



**OLYMPUS Microcassette Transcriber**  
● 2-speed tape selection ● Soft-touch controls Model TC1000. **Dixons Deal £199.99**





Countrywide unrest marks ninth day of protests by students

# Police take a beating in Korean violence

From David Watts  
Seoul

Violent protests erupted from one end of South Korea to the other yesterday, involving tens of thousands of students and countless civilians in the ninth day of rioting.

Ten thousand rioted and hundreds of taxi drivers demonstrated in Pusan, where 300 students are occupying a Catholic centre for the fourth day. 6,000 in Kwangju, some 3,000 in Incheon, and more in Taejeon. In violence that shows no sign of slackening. But yesterday Seoul saw the worst of the clashes as thousands of ordinary Koreans massed to help the students.

The Government, which has made no comment since its warning of a week ago, hinted yesterday at a new line that would "avoid emergency measures", according to early editions of today's newspapers in Seoul. The palliatives being considered include an offer of resumption of negotiations on possible revisions to the Constitution which President Chun had postponed until after the 1988 Olympics.

The newspapers quoted Mr Roh Tae Woo, who has been designated President Chun's successor, as saying: "From now on I will take the initiative in coping with political developments regarding the constitution matter." Whether such manoeuvres will have any real effect on the students remains to be seen.

More universities and colleges have closed early for the summer holidays, postponing indefinitely their final examinations with no noticeable effect on the level of dissent.

Students detect the weakness of the Government's position. They turned central Seoul into a battleground, with two great plumes of thick, black smoke rising over



Students armed with stones standing guard over riot policemen captured by protesters in Seoul during the opposition's "anti-tear gas day".

the Bank of Korea to mark the turmoil.

The students, now quite fearless and strengthened by the cheers and applause from the crowds, isolated two groups of 30 policemen. They beat them fiercely and threw their riot shields and tear gas on to a bonfire. Other riot police moved in to try to make a defensive shield, but in vain.

The terrified police struggled away, one clutching his head.

Stones, spent tear-gas canisters and the great white smears left by tear gas marred the tarmac in front of the neo-Gothic bank. Around the square men and women huddled against the walls, their eyes streaming from the gas. The women cried or screamed, one bleeding from her

ankle: the men roared with rage and frustration.

Traffic was paralysed for more than an hour around Seoul station where students made another pyre of police equipment. Only smoke and tear gas wreathed the building and no trains moved.

The Opposition had declared yesterday "anti-tear gas day". The Government's re-

sponse was the heaviest barrage of shells Seoul has seen. It started in the afternoon as old women arrived to join the demonstration pleading for an end to the use of tear gas at a Seoul Presbyterian church. A phalanx of riot police pitched them off the premises.

T-shirts bearing the slogan "No more tear gas" in Korean sold fast, and on every bal-

cony of the 10-storey Christian Broadcasting Service building protesters and loud-speakers chanted "Down with the Constitution" or "No more tear gas". A hundred yards away thousands of young people sat down to block an entire main street. Snatch squads of plainclothes police darted into the fleeing crowds to grab victims.

## Peking's farming reforms benefit the hard workers

From Robert Grieses, Chengdu, Sichuan

In the tiny hamlet of Dongxiang, 50 miles south west of Chengdu in Sichuan province, a group of villagers has turned out to see the first Western journalist to visit their community.

Their cluster of brick-built homes forms an island of brown in a sea of bright green. Rice fields and bamboo groves stretch away towards hazy blue mountains on the horizon. In the foreground a little girl leads a water buffalo home, while out in the fields straw-battered peasants sling night soil on tender rice shoots.

Mr Yang Zhonghai, aged 42, invited a *Times* correspondent into his home for a sumptuous luncheon of fish, chicken, pork, bean-curd and eggplant, all punctuated by fiery Sichuanese sauces and washed down with a smooth rice wine made in the village.

As the wiry, suntanned Mr Yang talks, it becomes evident that he is a happy man. In the first three months of this year he built a spacious six-roomed, three-storey home with the help of a work team for 30,000 yuan (about £2,500) and he is now contemplating the renovation of a pigsty and other buildings in his walled compound.

Peking's rural reform, which allows farmers to sell 30 per cent of their production to the state at a fixed rate and the rest at higher contract prices or on the free market, has made Mr Yang quite prosperous.

Before the reforms were instituted in the early 1980s, Mr Yang worked in a collective and contributed only about 500 yuan (£41) a year of his household income. Last year

the Yang family earned more than 50,000 yuan (£4,166) from the rice, vegetables, chickens and pigs that they grew on their four acres of land.

With 108 million people, an equal number of pigs and a total land area greater than France, Sichuan is one of China's most important agricultural provinces. It was here in 1980 that Mr Zhao Ziyang, China's Prime Minister and acting General Secretary of the Communist Party, first experimented with rural economic reform while serving as the provincial party secretary.

Eight years later, the results of those reforms are to be seen everywhere. In Dongxiang a new school was built last year for the villagers' 240 primary schoolchildren in the township of Gongchen, of which Dongxiang is a part; more schools and a new home for the elderly are under construction.

Not everyone in the province wants to work as hard as Mr Yang, who puts in 10 hours each day. As a result not everyone benefits equally from the Government's reform policy.

Down the road from Dongxiang, in the village of Yuba, for example, a middle-aged woman listlessly watches water draining into a rice field. She claims that the county road took away so much of her land that now her family has only a small piece on which to grow rice. She says her family income now is less than 300 yuan (£25) a head a year. When asked if her life had changed since the reforms were implemented, she replied: "No, it's as hard as before."

## The spark of truth that ignited Seoul

From Our Correspondent, Seoul

But for a small item which escaped government vigilance and appeared in a Seoul morning newspaper, South Koreans would not know how their security police tortured a student to death.

After the report in *Hankook Ilbo*, the story was taken up by other newspapers and helped to ignite the clashes between police and students which have revealed the depth of public frustration with President Chun's Government.

No criticism of the President is permitted and any story the Government does not want its citizens to read cannot be printed. That the newspapers have been controlled or self-censored has always been obvious, but how it has been done remained unclear until some present and former journalists revealed the systematic approach.

In the first case since President Chun took power seven years ago, three journalists were prosecuted for revealing that press guidelines do exist. They were tried and at least one was tortured while being held by the police. The three, charged with revealing national security secrets, could have been jailed for seven years. But, faced with the prospect of widespread protests from working journalists, the Government backed down and put them on probation.

Despite the conciliatory government line, the press censorship does not appear to have been modified. A member of the Democratic Press Movement, one of the 700

journalists removed from their jobs by the Government, said: "The owners of the Press and the Government have the same interest, so editors-in-chief censor young reporters. There has been no press freedom in our country since 1950. That's why we had to act."

The day's instructions for the press are drawn up by a committee of 13 in the Ministry of Culture and Information. One dissident journalist at *Hankook Ilbo* photocopied the 584 instructions issued between October 1985 and August last year. They were printed in full in the underground magazine *Mahl*.

Reports about strikes, torture of students, and the house arrest of opposition politicians and any comment on them by the US are banned. Also banned are British reports indicating that North and South Korea are at virtual military parity and that Seoul is an undesirable site for the 1988 Olympics because of severe air pollution.

Sometimes there are stories that must be printed. On January 22 last year the papers were told that a press conference by Mr Roh Tae Woo, now designated as President Chun's successor, should be the main story on page one and they were given the headline wording.

*Mahl* now plays hide and seek with the Government. Each bi-monthly issue is printed by a different firm, and the chief editor of the last issue is now wanted as a communist.

## Hardliner picked as Hanoi leader

Hanoi (AFP) — Vietnam's National Assembly yesterday elected Mr Pham Hung as Prime Minister. Mr Pham Hung, aged 75, who ranks second in the Politburo, has the reputation of being a hardliner and a strong advocate of close co-operation with the Soviet Union.

The 496 deputies also elected Mr Vo Chi Cong as state President and Mr Le Quang Dao as president of the Assembly, the official Vietnamese News Agency reported.

Mr Hung succeeds Mr Pham Van Dong as Prime Minister, while Mr Cong, aged 75, succeeds Mr Truong Chinh.

Observers said Mr Pham Hung faces a difficult task in

succeeding Mr Pham Van Dong, who was a close associate of the former Vietnamese leader, Ho Chi Minh.

Mr Hung, until Thursday a deputy prime minister, was head of the powerful Interior Ministry from 1980 until February this year. Mr Vo Chi Cong was also a deputy prime minister and is known for being a skilful but discreet politician. He is considered a moderate within the Vietnamese leadership.

● SINGAPORE: The American Secretary of State, Mr George Shultz, yesterday called for the continued isolation of Vietnam (M.G.G. Pillai writes). He made his statement to foreign ministers of the Association of South-East Asian Nations.

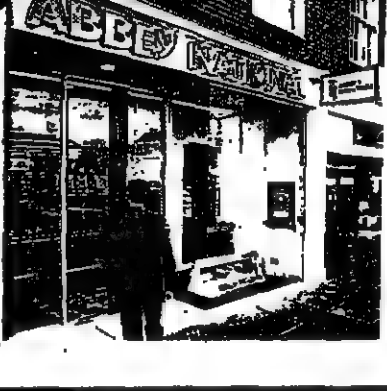
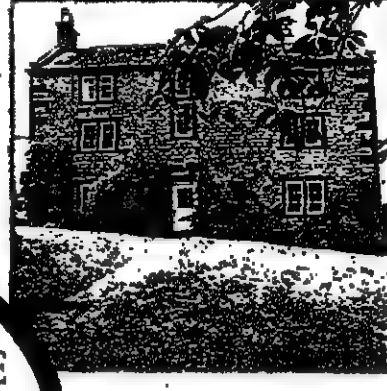


Mr Cong, known as a skilful and moderate politician.



Mr Hung, a keen supporter of pro-Moscow policies.

### ABBEE NATIONAL MORTGAGE SERVICE



MORTGAGE FUNDS READILY AVAILABLE

## When you're looking for a better home, we have more to offer.

Now, more than ever, you'll need to move fast. So you should contact your local Abbey National branch right away. We have mortgage funds readily available.

### Real experience.

We also have the real experience that makes it all easier for you and provides the kind of advice that breeds confidence. We've been helping people to buy their homes for 130 years.

Currently we're providing over one million mortgages for every kind of property from family houses to city flats and from mansions to converted barns.

### A choice of mortgages.

We help not only with a mortgage, but with the right type of mortgage for your income and lifestyle - endowment, pension-linked or repayment.

### Flexible approach.

When it comes to how much you borrow, you'll find us as flexible as we are experienced. You can usually expect to borrow up to 3 times your main income plus any secondary income, or up to 2.5 times your joint income.

Repayment can be over a maximum of 25 years or up to retirement for a pension mortgage.

### Instant quotation.

Ask us for an instant quotation. Our interest rate is currently 11.25% net. Annually this works out at an APR of 11.9% for endowment and pension mortgages, 12.1% for repayment mortgages.

### Mortgage Certificates.

When we are both agreed how much you will be borrowing, we'll give you a Mortgage Certificate to confirm it. This will help strengthen your hand when you go househunting.

### Immediate decisions.

Once you have found the right property, our branch managers have full authority to approve the loan. If you are an existing Abbey National borrower, we can also help by arranging a loan for your deposit.

Call in and talk to us before you make another move. Our advice costs you nothing. You'll find our experience invaluable.



**ABBEE NATIONAL**

ABBEE NATIONAL BUILDING SOCIETY, ABBEE HOUSE, BAKER STREET, LONDON NW1 6XL.

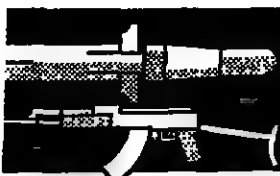
Full written details are available from address above. All mortgages subject to status and valuation.

ANM41



## SPECTRUM

# Have guns, will travel



**INSIDE THE ARMS TRADE**  
PART 3

In the 40 years since its foundation as a modern state, Israel has wasted no time in joining the big league of arms dealing. Robert Fisk reveals the secret deals which involve Israel in everything from the Gulf War to propping up juntas in South America

The Israelis learnt how to sell weapons by learning how to change their shape. They have come a long way since their first military adventures, which were assisted by two Sherman tanks and 10 French tanks made around 1953. They tampered with the gun barrels to increase their range and fitted new armour. By the 1950s, they were still buying up battlefield junk from the wreckage of the Second World War, tanks from Italy and France and even the Far East. Many were simply cannibalized to re-create whole working tanks for the country's new army.

Some of the Shermans, upgraded by Israeli technicians, later fought in the 1967 Middle East war. A few, so it is claimed in Israel, even turned up in the 1973 Arab-Israeli conflict. But, as one former Israeli tank officer put it: "There is a limit to the upgrading you can do, so in the end we got rid of them — to the militias in southern Lebanon, to Uganda..." The lessons, however, had been learnt.

Today, Israel's arms industry has not only produced the Merkava tank and the Lavi jet fighter — whose doomed future is acknowledged by all but the Israelis themselves. It is also responsible for a whole system of upgrading, maintenance and weapons transformation that has implanted old artillery pieces into modernized and efficient tanks.

Its tentacles reach as far as China, where Israeli technicians, flown in by a circuitous route, refit Soviet-made tanks. Israel's military adventures

**YOU'VE HEARD ABOUT THE LAR 160:**  
**IT MOVES FASTER,**  
**HITS HARDER**  
**AND COSTS LESS THAN**  
**ANYTHING THAT EVEN**  
**COMES CLOSE TO IT...**  
**HAVE YOU HEARD ABOUT**  
**THE NEW TOWED VERSION?**

The global hard sell: an Israeli missile advertisement which appears in military magazines and (right) Elit port, from where Israel ships equipment to China for weapons upgrading

tures in China's tank workshops — which began more than a year ago — originated not in Peking but in Israel itself in the late 1950s, when Israeli armaments officers found that the 20-pounder gun of their British Centurion tanks could not compete with the 100mm guns of the Arabs' Soviet-made tanks.

After much research, a new 105mm gun was fitted into the Centurions, the same weapon the Americans were to use in their M-60 main battle tank. The Israelis found that the Centurions' gasoline exploded when the tanks were hit by shells; so they stripped out the

machinery and installed new diesel engines.

Zeev Eytan, a retired colonel, was involved in this curious process of rebirth and remembers the decisions that led to the creation of a new tank and a whole series of prosperous industries that could survive only by exporting the same weapons technology — and other people's as well. "In the period 1966-69," he says, "Israel was looking for a successor to the Centurions and the American M-48s. The British Chieftain tank was the chosen candidate. We had two Chieftains on trial and were negotiating for the re-

quired upgrading to be done in Britain when Harold Wilson's government gave way to pressure from Arab countries and cancelled the deal. This was the impetus for Israel to produce its own tank, the Merkava, which was first given to Israeli units in 1979.

But the Merkava needed steel from abroad and engines made in the United States. The 105mm gun was produced under licence. After the 1967 war and the French arms embargo, the Israelis designed a version of the Mirage, which they called the "Kfir", so that by the mid-1970s they were able to export the jet fighter — with American engines — at \$4 million a time. The Israelis also developed their system of upgrading.

As Eytan recalls, Israel's armoured victories had left it with thousands of Soviet-made tanks, T-55s and T-62s, many of them wrecks but most capable of cannibalization. "We had more than a thousand of them at our disposal and we now have several hundred of them working in the IDF (Israel Defence Forces). We did not do all that we were capable of on the tanks because of the prohibitive price. We found ourselves upgrading them in every possible way; we introduced into them sub-components of our own production, new radio sets, range-finders and guns. We did this for our own forces, but of course, if we find clients..."

The clients were not hard to find. In the Far East, the Chinese were burdened with hundreds of obsolete tanks manufactured by the Soviet Union or under licence in China. The post-1967 decision to manufacture tanks, boats and artillery in Israel meant that a large and sophisticated industry, employing up to 20,000 people in the aviation section alone, would not be viable without exports.

Latin America provided another market: and exporting to South Africa or Chile did not present the same moral difficulties for the Israelis as it did to some Western nations.

Glossy Israeli military magazines now extol the virtues of intelligence battlefield surveillance, radar, towed assault bridges, tank fire control systems, aircraft bomb ejection racks, Gabriel Mk 3 sea-to-sea missiles and the mini-Uzi sub-machine gun.

The Israeli electronics manufacturer Tadiran has just moved into electronic warfare technology with the development of a frequency-hopping VHF radio system. Elbit computers is advertising its weapon delivery and navigation systems. Israeli Military

**'You won't catch the ministry without documents, but papers are just papers'**

Industries employs 14,000 workers, and boasts 50 nations as clients.

Officially, all weapons are legally exported. But as Alex Fishman, one of Israel's most knowledgeable defence correspondents, says: "You won't catch the Defence Ministry here without documents — the papers will always be in order. But papers are only papers."

Thus weapons began moving to Iran — not necessarily Israeli weapons but spare parts for American and even captured Soviet weaponry. Spare parts for F-5 fighter bombers left Israel for Iran, some in chartered Boeing 707s that flew, via Cyprus, to a military airfield near Tabriz. The crates, another Israeli military expert says, were labelled "anything from 'Medicines' to 'Toys'."

Israel even began buying avionics systems from the United States, upgrading them and installing them on Israeli

aircraft, but sharing the newly-modernized equipment and technical knowledge with the US. So Israeli technology turned up in US equipment sold to Saudi Arabia, a country whose American arms imports are always opposed by the Israeli lobby in Washington.

But the Israeli arms export trade became too sophisticated. Its products were now better suited to the US or European markets than to Latin America but there were political problems about sales to Europe. Delivering large quantities of weapons incurred the wrath of major arms suppliers, and there were American restrictions on the sale of Israeli arms containing US components. Israeli government budget cuts caused a decline even in Israel's domestic market. The Israeli army could no longer afford to buy some of its own weapons.

The Lavi jet fighter, which made its first test flight for 30 minutes last December, now appears to be too costly to produce en masse. Eytan claims that Pratt and Whitney, the American engine manufacturers, and other US companies that produced 50 per cent of the jet, stand to benefit from its sale but that rivals General Dynamics and McDonnell Douglas (producer of the F-16) want production stopped.

"The first big crisis for our arms exports was the fall of the Shah of Iran," says Fishman. "It was the biggest market for Israeli industry. Now we have defence cuts. And the cut in arms exports to South Africa is going to be the third big crisis."

The results have been predictable. Israeli advisers can now be found in South Africa and assisting Latin American juntas. Israel's military mission to China was therefore as inevitable as it was extraordinary. Shipping their weapons technologists to Peking incurred few risks, substantial future profits and — while it remained secret — little controversy.

## Milestone for America's man of letters

Since 1946 Alistair Cooke has given a voice to his adopted country. Tonight marks his 2,000th *Letter from America*

The trouble with America is that no one wants to make things any more. The thought comes slowly from Alistair Cooke, musing wistfully on the state of the nation after recording his 2,000th *Letter from America* for the BBC this week.

Cooke, now 78, and a veteran of four decades as Britain's pre-eminent observer of the American scene, finds much to lament in 1987, but he hasn't given up. "In America, the race is on between its decadence and its vitality, and it has lots of both," he says in that silvery voice, familiar as an old family friend. "I constantly see-saw between recognizing symptoms of vitality and many symptoms of decadence. And I honestly think the Reagan era has been a disturbing one."

Cooke clearly relishes his role as the gentle sage as he reflects in the comfortable study of his Fifth Avenue apartment overlooking Central Park. It has been his home for 37 years, the setting for his presentation of British television classics to American audiences and now his "haven or sanctuary against New York."

Although the city, he says, has become a jungle, its intellectual excitement remains his "sheet anchor". For agreeable surroundings he visits his grandchildren in San Francisco and Vermont.

Cooke has lost none of the passion for this country that led him to make it his home and take its citizenship in 1941 (though, curiously, Americans know Cooke as the quintessential Englishman, the man who explains *Upstairs Downstairs* to them).

Cooke abhors the shallow patriotism of the Reagan era and recalls the Yankee ingenuity that so impressed him when he began reporting for *The Times* in the early years of the Second World War. In particular he thinks of the rapid invention of synthetic rubber when the country needed tyres to fight with. "That kind of miracle has vanished and the Americans know it. We no longer hear the phrase 'American know-how'."

In his 2,000th letter (to be broadcast tonight and repeated on Sunday), he says he avoided delivering the kind of message that his BBC

bosses had sought for such a milestone in its longest-running radio programme. "Missionary messages are for bishops and I'm a reporter," he says. Instead, he made his point, as usual, by flitting through an array of topical events that included the ozone layer, sun-tanning and AIDS.

It is a formula, often laced with quotations from Cooke's guru, the late Baltimore journalist H. L. Mencken, that has helped two generations of Britons and many World Service listeners to understand the United States. He has never missed a letter since the programme began as *American Letter* in 1946.

"I never know what I'm going to talk about," Cooke says. "I learnt after a few



Cooke in 1948: "I learnt after a few years not to be a pundit"

years of doing the letter not to be a pundit. Pundits are two a penny and they change every three or four years. And I caught on after a time not to make notes about what I will talk about."

Professional radio commentators, he says, often subconsciously adopt a voice that is not that of someone talking in a room. It took years for him to learn not to be one, but simply to be himself. He makes no notes during the week, preferring to rely on memory when he types his script (on an old Smith-Corona). "The thing is to say what comes to mind: pure free association. It's really a diary and therefore it can go on and on. I hope."

**Charles Bremner**

*Letter from America (Radio 4, tonight at 9.30pm and Sunday at 9.30am). A 45-minute, world-wide phone-in to Alistair Cooke is on Radio 4 and the BBC World Service on Sunday at 12.10pm.*

### CONCISE CROSSWORD NO 1287

|        |                                 |                     |                              |                         |                    |                    |                                  |                               |                        |                         |                      |                        |                          |                  |
|--------|---------------------------------|---------------------|------------------------------|-------------------------|--------------------|--------------------|----------------------------------|-------------------------------|------------------------|-------------------------|----------------------|------------------------|--------------------------|------------------|
| ACROSS | 1 French film festival town (6) | 4 Shop front (6)    | 7 Egg yellow (4)             | 8 Winchell memorial (8) | 9 Knotted (7)      | 11 Slaughtered (5) | 12 General secondary school (13) | 15 Decreased in size (5)      | 16 Belly (7)           | 20 Swede (8)            | 21 Coarse person (4) | 22 Malayan garment (6) | 23 Dazed state (6)       |                  |
| DOWN   | 1 Obscure in meaning (7)        | 2 Snacking yarn (5) | 3 Chinese ingot currency (5) | 4 Money reserve (4)     | 5 Indian bread (7) | 6 Pollid (5)       | 10 Sensational (5)               | 11 Ecclesiastical council (5) | 13 Coastal warship (7) | 14 Raise to peerage (7) | 15 Factory (5)       | 17 Brutal man (5)      | 18 Large juicy fruit (5) | 19 Explosion (4) |

**SOLUTION TO NO 1286**  
ACROSS: 1 Piracy 4 Gamble 9 Taffin 10 Ducat 11 Fear 12 Tally 14 Dialectology 19 Supreme 19 Harm 22 Evict 24 Advance 25 Titer 26 Skewer  
DOWN: 1 Pair 2 Rifle 3 Chevette 5 Add 6 Backlog 7 Extort 8 Bastille Day 11 Fad 13 Bolshevik 15 Appoint 16 Yarn 17 Aspect 20 Renew 21 Jeer 23 Tee

## A rewarding plan.

Higher interest the more you invest, from just £500 with Anglia's Capital Bonus.

Invest £25,000 or more, we pay

**8-50%**  
NET PA.

Invest £10,000 or more, we pay

**8-25%**  
NET PA.

Invest £5,000 or more, we pay

**8-00%**  
NET PA.

Invest £500 or more, we pay

**7-75%**  
NET PA.

Immediate access, with no penalty, if a balance of at least £10,000 remains.

Otherwise 90 days' notice for withdrawals or instant access with 90 days' loss of interest on sum withdrawn.

Interest paid annually. Or monthly, if preferred, on investments of £2,000 or more at 0.25% less on all levels.



Try Anglia. The building society that cares about what you want.  
HEAD OFFICE: MOULTON PARK, NORTHAMPTON NN3 1NL TEL: (0604) 495353.  
RATES SUBJECT TO VARIATION. \*INTEREST CAN BE PAID HALF-YEARLY AT THE MONTHLY RATE

**THE TIMES SATURDAY**  
**Summer's symbol**  
Wimbledon fortnight, and whatever the weather you can be sure of your strawberries. A mighty industry exists to supply them — but now a Spanish armada threatens the English varieties. Tomorrow *The Times* looks at the strawberry war

**Portfolio Gold** At least £20,000 to be won

**The Good University Guide**  
Oxbridge, red-brick or plate glass? Music, maths or marine biology? With sixth-formers shopping around for the best university, *The Times* details the courses and the choices — every day next week

Dear Newsagent, please deliver/save me a copy of *The Times*

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

**DAVID MORRIS**

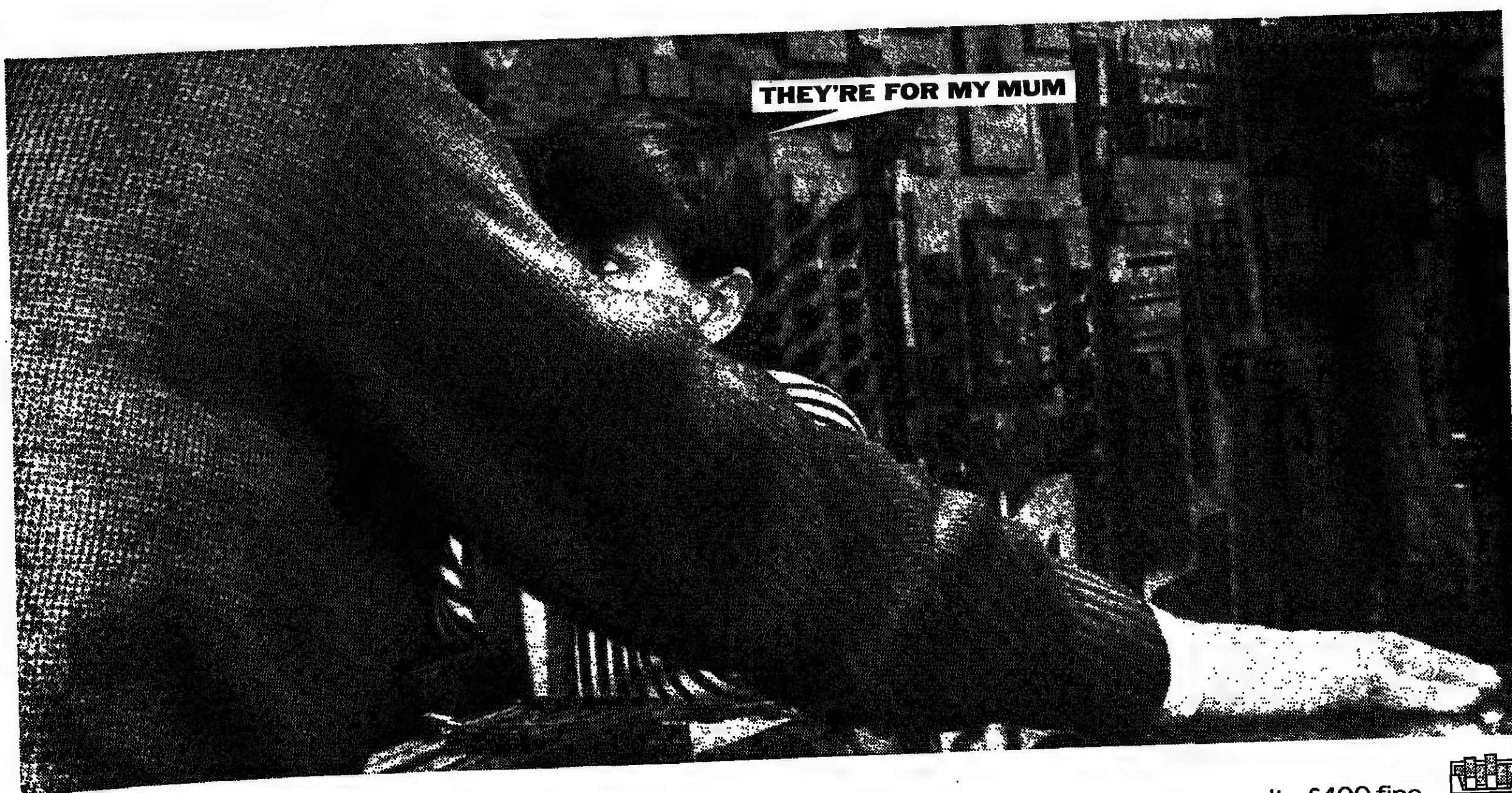
**DOES YOU CREDIT ... FREE!**  
WE ARE NOW ABLE TO OFFER INTEREST FREE CREDIT ON ALL JEWELLERY AND WATCHES FROM OUR SHOWROOMS, INCLUDING CARTIER, ROLEX, PIAGET, BAUME & MERCIER, CONCORD, VACHERON, CONSTANTIN AND AUDEMARS PIGUET. INTEREST FREE CREDIT WILL BE GIVEN ON ALL JEWELLERY AND GIFTS IN EXCESS OF £300. NO DEPOSIT REQUIRED. WRITTEN QUOTATION AVAILABLE ON REQUEST.

David Morris Jewellers  
25 Conduit Street, London W1.  
Tel: 01-439 2200/529 5542  
Also at The David Morris Room, Harrods, and at The Churchill, The Carlton Tower, The Grosvenor Park Hotel.

**ROLEX**  
of Geneva



# Four little words that can cost a tobacconist £400.



It's illegal to sell cigarettes to anyone apparently under 16, even if they're for someone else. Maximum penalty £400 fine.  
**ISSUED BY THE TOBACCO ADVISORY COUNCIL FOR THE BRITISH TOBACCO INDUSTRY**





## THE TIMES DIARY

### Charity chief

Insiders are tipping Leighton Andrews, director of the International Year for the Homeless, to succeed George Galloway as director of War on Want. Galloway, elected last week to Roy Jenkins's Glasgow seat, told me yesterday that he did not believe in holding two jobs at the same time and ended months of speculation by confirming he would leave the charity in September. Galloway's four-year tenure was clouded by a row over his expenses until he was cleared by an internal investigation in March. War on Want's trustees now face the task of finding a successor to the dynamic Galloway, who in four years turned a £60,000 overdraft to a £3 million surplus. Leighton Andrews is young and ambitious enough to maintain the charity's increasingly high profile. Last night, another tipped candidate ruled himself out. A former director of a housing charity, Nick Raynsford, the Fulham Labour MP who lost his seat last week, told me: "I am flattered but I will be concentrating on getting back to Parliament." The right candidate, I understand, could command a salary of up to £25,000.

### Moors murmurs

Manchester's head of CID, Peter Topping, is a sensitive soul. He took it badly when the whippers started about the reasons for John Stalker's exit from the force. Now he is upset by criticism of his seven-month search of Saddleworth moor for victims of Myra Hindley and Ian Brady. A leader in the *Manchester Evening News* this week called for the "fence" to be called off. Yesterday Topping told a reporter from the newspaper that he would no longer talk to him or his colleagues. If the search was a fence, he added, why did the paper send a journalist and photographer to cover it every day?

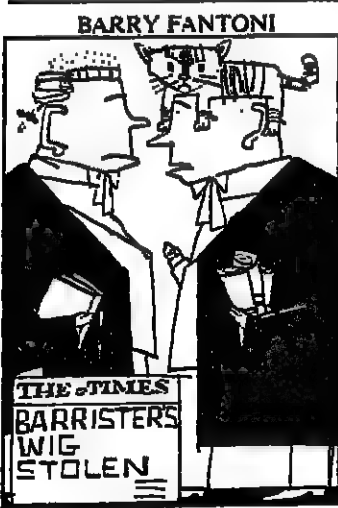
Cheltenham College (boarding fees £1,975 a term) is my nomination for swankiest public school. Not only is its new school designed by Carter, it employs a PR firm to tell me about it.

### Royal decree

Letters in this newspaper yesterday suggested that the Army had been less than solicitous for the Queen's comfort at her Birthday Parade. While the other dignitaries took the salute seated under a canopy on the "least comfortable form of seating devised by man", wrote one correspondent, I now learn, on high authority, that in fact Her Majesty refused the Household Division's pressing offer of a canopy. As for the chair? She selected it herself.

### It's a lottery

The worldly business of cash crises is exercising the mind of the financial secretary in the Roman Catholic diocese of Westminster. Against the background of an £11 million debt John Gibbs now faces the challenge of raising a further half a million a year to cover the diocese's share of the running costs of its voluntary-aided schools. Among the suggestions he has put to the schools is a lottery with a weekly cash prize of £1,000. "In principle the scheme is no different from parish-run raffles," he says.



Barry Fantoni

"Do you think anyone will notice?"

### Paradise lost

Settling for a smaller abode once the children have gone is a familiar enough idea. But for some it entails greater sacrifices than for others. For Keith Schellenberg, the owner of the Hebridean island of Eigg, it means selling his castle. Schellenberg has decided after eight years to let his 17th century Bannff pile go. He is asking for offers over £185,000 — a loss of £65,000 on his investment.

### Strong arm

Here is an official staff appraisal of a London police officer to confirm every minority's worst fears about the Met: "Over-critical of others, showing little understanding of others' perceptions... shows impatience with those who are not on his wavelength. Can be intolerant. A poor listener... he can upset people by his rather narrow view of their problems." The man's job, according to the latest edition of the Police Federation's magazine, Community liaison inspector.

PHS

This week's decision at a British Medical Association conference that general practitioners should have no right to be informed of the fact that their patients have been infected by the AIDS virus will understandably cause dismay among some GPs. If the patient himself does not inform his doctor, not only might it be more difficult for him to be treated properly, but there may also be an unspoken fear that doctors and those working with them in their surgery will be exposed to unnecessary risk.

There are very few recorded cases of medical personnel being infected through accidental contact with the blood of patients but, as the incidence of infection increases, such cases will undoubtedly become more numerous. Should strict adherence to the principle of confidentiality — embodied in codes of medical ethics and stoutly protected by the law — now be abandoned in the case of AIDS patients?

The arguments in favour of preserving a strict ethic of confidentiality in this context have a familiar ring. The most important of these, perhaps, is a simple pragmatic one. If people feel that confidentiality is likely to be breached, then they will be unwilling to subject themselves to testing.

As a result of this, fewer people who have been exposed to the virus would receive the counselling and support which is offered by testing centres. The risk to them, and to others, might be substantially increased if they continue to indulge in inappropriate sexual behaviour.

There are also powerful human rights arguments to support the strict confidentiality approach. Carriers of the virus are frequently stigmatised socially. Discrimination against them at work is also a

## When should doctors break their silence?

by Alex McCall-Smith

reality, even if the law provides some degree of protection.

In such a climate, it is quite understandable how those afflicted in this way would wish to avoid the news of their affliction going any further than is strictly necessary. In this way they are no different from many others, who may wish to conceal the fact that they are suffering from more benign, non-infectious diseases.

The problem with AIDS, however, is that it is not benign. The person infected with the virus does pose a potential risk of fatally damaging others, should he pass the infection on. Ideally, the patient should take it upon himself to inform those to whom he may pose a risk of the fact that the risk exists. This must mean sexual partners, and could possibly include those with whom he is sharing accommodation.

This will obviously be a difficult burden for anybody to shoulder, and many may prefer not to volunteer the information. In such cases, the position of those who are party to the patient's secret becomes difficult, from both the ethical and the legal point of view.

The medical profession has already debated the question of whether the GP has a duty to warn

persons whom he believes may be at risk from a patient's infection. Not surprisingly, there have been doctors who say that they would defy any contrary instruction from the General Medical Council and warn the spouse of a patient found to be infected with the AIDS virus.

A case where the temptation to warn would be very strong would be where the doctor knows that the wife of an infected patient is trying to conceive a child. It could be argued here that not only is there a duty to the wife whose pregnancy may be threatened by the fact that she has been infected, but also to a possible child, who may stand little chance of a healthy life.

A doctor who breached his patient's confidence in such circumstances would probably choose to invoke a public interest argument. In law, he would have to rely on a necessity plea if the patient were to sue him for breach of confidence. "I did it," he might say, "in order to prevent the occurrence of a greater evil, namely the infection of others."

It is difficult to see how a court could be unsympathetic to such an argument, unless, of course, it were to take the view that the patient's right to the preservation

of his confidence is greater than the right that any other person may have to avoid being infected. Even if we accept that it is proper for a doctor to warn those at risk (and by no means everybody accepts that), the question arises as to whether there is a positive duty on the part of the doctor to warn others of the fact that a patient is a carrier of the virus. What would be the legal position of a doctor who does not warn, and who is then confronted with a complainant who argues that he or she had been infected with the virus because of the doctor's silence?

This problem, in another guise, has already plagued doctors in the United States. In the American courts several psychiatrists have been successfully sued by people who have been injured by violent patients who had previously disclosed to their therapists that they were harbouring violent feelings towards others. The American courts have decided that in such cases the doctor is under a positive duty to inform those at risk.

British courts are unlikely to follow this lead in the psychiatric context, but it is not out of the question that they will hold that a doctor owes the third party a duty of care to warn of possible infection by an AIDS patient.

Intemperate demand for compulsory screening or for the requirement that travellers bear AIDS test certificates are deeply disturbing. It might be that the best way of heading off such a response is to stress the absolute nature of the patient's right of confidentiality, but it is clear that this position can be maintained only if the legitimate rights of others to know are held to be of lesser importance.

The author is Associate Dean of the Faculty of Law, Edinburgh University.

## Lord King, chairman of British Airways, charts the success of privatization in reviving companies and boosting the economy

# Turning silver to gold



Lord King goes to work: he argues that the government's programme has not only been a success, it has been popular

It is one thing to have a policy on privatization. It is another thing altogether to have the nerve and political will to carry it out. De-nationalization was included in the manifesto of Edward Heath's administration, but because of the pressure of various interests all that was actually returned to the private sector was the Thomas Cook travel agency and the public houses of Carlisle.

Compare this with what has been achieved in the past few years — British Telecommunications, British Gas, British Airways, TSB, Rolls-Royce, and the rest and you can see the change in approach.

The first sales were famously described as "selling the family silver to pay the butler". The Prime Minister exposed the fallacy of this analogy when he pointed out that Great Britain was like a family, and as the silver was being sold within the family they not only got the money but they kept the silver.

The taxpayer is relieved of the burden of financing industries for little or negative return. The demands upon him are further reduced both by the money received from the sale of the asset and from the increased taxes paid by a successful enterprise.

The arithmetic is staggering. It has been estimated that the losses in the nationalized industries which the government has written off since 1945 exceed £45,000 million. At current values the figure would probably amount to £200 billion.

And, contrary to the critics, privatization has not been divisive. Like the sale of council houses, the programme has been immensely popular. British Telecom is a closed shop and the leaders of their trade union vigorously opposed privatization. Yet at flotation 96 per cent of the workforce bought shares. So who represented the wishes of the employees — the union or the government?

The contrast is there for all to see in the case of British Airways. When I joined the company there was a board of 15, selected by the secretary of state and appointed for three years. I have no doubt that they had exceptional skills in their chosen careers — but these were not necessarily relevant to the commercial success of British Airways. The management had become accustomed to agreeing certain items with the sponsoring ministry before they had been put before the board.

A second problem was the reluctance of senior managers to allow too much interference from an outside chairman.

On the staff side it was well

known that we were vastly over-manned, but one of the company's greatest strengths was the pride that the vast majority of the employees had in the airlines. What they lacked was the spirit of enterprise and an understanding of the meaning of profit. When the time came to take practical steps to prepare the airline for the private sector the employees responded to the measures that had to be taken.

It was a classic situation of a company which had become a self-serving organization rather than reacting to the demands of the marketplace. So what does the British Airways experience teach us for the future? First, the government should not own and run any business.

Through no fault of parliament, ministers, or civil servants a government is not capable of running them effectively, efficiently and profitably. The conflicts that exist in politics are such that decisions in relation to the future of individual businesses are often determined by political expediency rather than by commercial logic.

Secondly the government should not both own and regulate an industry.

Thirdly, the dominance of the Treasury makes it very difficult for any government in power today to fund properly all the industries which it owns. The demands of other sections of the economy and of the welfare state are too great.

What then are the principal lessons to be learned from privatization? First that it is possible — and indeed necessary — to make the state's assets work in the cause of creating wealth for the nation. Until 1980 we had suffered for years under "the state knows best" philosophy.

Trade union dominance, taxation and control of pay had destroyed the confidence of management to manage — nowhere more so than in the public sector — and companies were being run by personnel directors. Successive governments contributed to the establishment of a low-pay economy. We must not forget that it was not the high-

pay high-profit companies that contributed to our economic decline — it was and is the low-pay low-profit concerns.

The challenge of privatization allows an enterprise to attract management talent who otherwise would not consider a job in the public sector partly because of the frustration inherent in the work, and partly, of course, because the work would not be properly rewarded.

Another point from lessons learned is the extent to which the attitudes and motivation of the workforce can be transformed by moving from the public to the private sector.

The increased involvement of staff in owning shares in their own companies is helping to establish a more secure capitalist economy. It is promoting in the country at large a greater understanding of the nature of capitalism and a

public sector rather than on those who wish to sell it.

Airports, water and electricity were the only ones proposed by the government as the next candidates for the private sector. I hope that we shall see coal and steel move higher on the list. I would also look closely at the two huge public services: education and the National Health Service.

The principle of free schooling and medicine are sacrosanct but their cost to the nation is huge and it is imperative that we secure for the taxpayer the maximum value for his money. At present these two departments account for 40 per cent of the total annual government spend. An extension of private sector involvement in the running of the constituent parts of these services could produce significant savings without a fall in standards.

A start has been made in the greater use by many health authorities of competitive tendering and of the employment of private firms to supply particular services such as catering, administration and asset management. I should like to see this process taken further in the National Health Service, local government and educational organizations.

In Britain in recent decades we were properly concerned with sharing wealth but insufficiently concerned with its creation. We persuaded ourselves that our great industries, whether merchant shipping, motor-cycle production or radio and television set manufacture, would somehow maintain a dominant position in the world. History has seen the decline of many of those industries. I believe that under the Conservative government we shall see an acceleration in the drive for privatization and that we shall examine each remaining public sector organization for ways of injecting fresh vigour and efficiency by exposure to the discipline of the market place.

Privatization is not an end in itself but it is a means to better ways of working and to higher standards of living. It is a means of re-establishing capitalism — people's capitalism.

Privatization is a symbol and a touchstone of our efforts to escape from the mistakes of the past and to apply its lessons to the future. The resilience with which we are tackling this pursuit of national regeneration lies at the heart of this country's struggle to transform the world's first industrial base into a thriving, modern economy.

This article is based on a lecture given last night to the Institute of Directors.

John Rae

## A draught in the public schools

The election debate on education having focused almost exclusively on what is wrong with the state schools and what should be done to put things right, one might imagine the heads of independent schools to be contemplating the future with no greater worries than dealing with wayward pupils and crushing incipient rebellion in the common room. But that is not the case. As the threat from Labour's education policy fades, the threat from Conservative education policy is just beginning to dawn.

For 20 years the independent schools have reaped the benefit of parental disenchantment with the state sector. But if the Tories succeed in their aim of raising standards in the state schools, parents will think twice about spending thousands of pounds every year out of taxed income for the increasingly marginal advantage of independent education.

In a 1985 survey of the reasons why parents choose independent schooling, "better academic results", "better character and discipline training" were top of the list; "better facilities", "the old school tie" and "boarding need" were at the bottom.

"Better academic results" come top of every comparable survey. The reason is not difficult to understand. Qualifications have replaced connections as the means of access to good universities and high-status careers. There are individuals with exceptional flair and talent who succeed in the media or the City without the help of A levels, but they are runaway horses, and as Jean Cocteau observed: "The speed of a runaway does not count." Most boys and girls have to learn to jump the fences. Privately, the heads of independent schools express concern about "the success ethic". The pursuit of worldly success may not sit easily with the schools' Christian foundations, but it is the reason parents are so interested in good academic results.

The independent schools' reputation for good discipline will surprise those who know their history. In the 18th century, Henry Fielding called these schools "the nurseries of all vice and immorality" and today's parents who are attuned to the gossip grapevine could be forgiven for thinking that nothing much has changed. But appearances are deceptive. Where it matters, particularly in the classroom, independent schools cannot allow bad discipline to go unchecked. The privileged young may not all be going to heaven but most of them are going to the university of their first choice.

There are some qualities that even the most successful Tory reforms cannot provide. The tradition and grandeur of Eton, the medieval charm of Winchester, Radley's broad acres, the sheer beauty of the setting of some of the great boarding schools — these will not be on offer at the city technical colleges and the grant maintained

schools (as the comprehensives that opt out of local authority control will be called). What these colleges and schools will provide, if they are well managed, is the good academic results and good discipline that will attract parents back to the state sector.

That will mean that the independent schools are hoist by their own petard. For many years they have sung the praises of competition and have argued, a little smugly at times, that schools are sure to be better managed if they are free from the dead hand of bureaucracy. It was a safe song and an argument that could be used with impunity, or so it seemed, because the heads of independent schools, like so many other people, did not believe the more radical Tory education policies would be implemented.

It is not the boarding independent schools that will feel the draught. The competition will be keenest in the cities. The model for the city technical colleges should be the Bronx High School of Science in New York — free, selective, so high-powered that some of the independent schools appear amateur by comparison. Thirty per cent of the applicants to the independent sector, if the city technical colleges can achieve that prestige, they will demonstrate what *pace teachers' union* — so badly needs to be demonstrated: that the teachers and pupils in the state sector can take on the independent schools at their own game and win.

In some cities, such as Newcastle, where there is a concentration of independent day schools, the prospect of competition from a city technical college is causing alarm. The first pupils to be affected would be those on the assisted places scheme. If the city technical college achieves excellence, there will be no justification for sending inner city pupils, at public expense, to independent schools. The colleges' emphasis on science and technology for girls will also provide healthy competition for those girls' independent schools finding it difficult to staff these subjects.

Pius IX is said to have remarked on being elected Pope: "I have always believed in infallibility; now I am experiencing it." The independent schools have always said they believe in competition. The experience will test the strength of their conviction.

I hope the Headmasters' Conference and the Girls' Schools Association will now come out firmly in favour of the city technical colleges and the grant maintained schools. If they do not the suspicion will arise that they are more interested in their own survival than in their often expressed wish for an improvement in the quality of state education. The author, formerly headmaster of Westminster School, is now Director of the Laura Ashley Foundation.

## however... Henry Stanhope

# Wall-to-wall revolution

"Good evening. Welcome to the Brent Council Extramural College of Social Awareness Introductory Course on Graffiti. My name is Ivor Chipp. Reader in Mural Art — but please call me Ivor or I've."

Now I suggest we start by examining the inspirational forces which are behind our chosen art form. In other words, why do we do it. Yes, you at the back —

"It gives us a bit of a lark when we get nothing to do."

"Yes. Good. That's a very good start. Let's write that down on the blackboard, shall we?"

"One: because it offers relief from the unemployment policies of the Tory government."

"Any others?"

"Because it looks good."

"Excellent."

"Two: because it allows us free expression of artistic instincts suppressed by discriminatory capitalist education."

"Good. Now we're really getting somewhere. Another?"

"Cos we don't like the coppers, the law like."

"Yes."

"Three: to symbolize the revolt of the working class against the forces of fascist authority in Thatcherite Britain."

"Good. Now let's turn to what we like to paint."

"Ow about 'Chelsea is a load of slob', I've."

"Excellent. We'll write that down too."

"Satirical verbal sketches of the English bourgeoisie."

"Good... now you in the front — in the bomber jacket, with the flick knife."

"I like to draw naked birds with great big..."

"Yes, yes. Quite... but, well, you know, we need to be rather circumspect about that, er, Scarface. I don't think the college women's committee would approve of any denigration of the female form — depending, of course, to some extent upon whose form it is. Do you, er, usually have anyone in mind?"

"Samantha Fox."

"Well, no. I don't think the women's committee would entirely be in favour of that. I fear we would risk having them come down upon us like a ton of..."

"How about Edwina Currie?"

"Ah, yes. Now that sounds

much more pioneering. Where's the chalk gone? Here we are.

"Political cartoons depicting the middle-class in Western society."

"We're making excellent progress. Now let's move on, shall we, to our chosen work-places — our vast spreading canvas in the metropolis. You with the skinhead 'aircut, sorry, haircut'."

"Me and my mates work the Bakerloo line, Ivor, spraying all over the adverts like and in the Ladies and the Gents."

"Good, good. I think, if I may say so, that it might be better to try the District line — the Wimbledon and Richmond branches preferably, and the Northern line going through Hampstead and Highgate — if we want to generate real creative tension. The Bakerloo line is a teeny-weeny bit close to home, ha-ha-ha."

"What about painting the trees in 'de Park, I've?"

"Well done. That's the spirit of artistic enterprise we wish to encourage — exploring the galleries of the open air, reaching out to the working man in the environment which is rightly his."

"We had a smashing time the other week, I've. Doing these little men and noughts an' crosses like, all over our school after the teachers had gone. Plastered one classroom we did... 'cos we don't like the geezer who teaches there."

"Yes, well. Of course we cannot entirely approve of victimizing the teaching profession in Brent, some of whom are among our most sympathetic comrades. But lads will be lads. The purpose of this course is to make sure that when you give free flow to your innate artistic instincts, you should know a little about draughtsmanship — like how to hold the spray can steady and stop it dripping. Now, you, er, with the black eye and the broken nose, had your hand up."

"Well, me and some of the lads just done a smashing 'big house up the road, mister. Painted all these weird patterns and fings over the geezer's garage. Number 46 it were..."

"You all right mister? ... Gor blimey, how was I to know it was your flaming house? Well ain't it bleedin' diabolical, eh? You can't please everyone, that's all I can say..."





1 Pennington Street, London E1 9DD Telephone: 01-481 4100

## INNER CONFIDENCE

No wonder the Government has put the inner cities among the very highest priorities of its new tenure of power. The Tory vote held firm across most of the country, in hostile areas as well as sympathetic ones. It even rose in London. But it dropped significantly in several major cities - in Liverpool by 12 per cent. There is a growing list of cities without any Conservative representation in the Commons at all.

It is unhealthy both locally and nationally for one of the major parties virtually to fall out of contention in any part of the country. Monopoly of power is a corrupting influence on local parties, and a government can lose the necessary basis of consent for its actions if it seems to have written off areas where its opponents are entrenched. It is an issue, not just of party politics, but of national cohesion.

Money is not the problem. Successive governments have poured immense sums into the problem areas with staggeringly little effect. Elected local councils have too often distributed funds and pursued policies in ways that appear calculated to frustrate central government and perpetuate the grievances which keep the councils' Labour majorities in power. The Government is still feeling its way towards solving these problems. Its battery of different instruments - task forces, development corporations, enterprise zones, regeneration grants and the like - still has an experimental, even improvisational, air. But two principles are consistent: that private initiative and private funds should play a full part in the process, and that City Hall should have as little as possible to do with control of policy and of the purse-strings.

Among the options, which ones either have already been chosen by Whitehall or look like being chosen? Concerning housing, there are vast estates - especially in Scotland and on Merseyside - which are so derelict that home-ownership is an ideal only for the longer-term. Whitehall will transfer control of such estates from the local councils to new housing trusts of which the tenants will be the legal beneficiaries. The tenants would be part-owners of their homes with the trust - and thus gain some control of the property and direct

involvement in its improvement. The trusts could be advised by local surveyors and other professionals.

On jobs, the need is to give an incentive to business to start up in the inner cities, or take on more labour, by freeing it from excessive rate increases such as the 60 per cent levied by Hackney recently. The Government would levy each year a business rate for the whole country - by-passing the local authorities whose power to rate business will be taken away. Also, the plan to replace domestic rates with a community charge - a tax on each resident rather than each dwelling - offers a prospect of greater accountability in local spending, though its effects need to be considered in detail before the plan is implemented.

To avoid the frustrating of its plans by hostile local authorities, the Government will carry on setting up urban development corporations with the power to put development land on the market and grant planning applications. Naturally, the corporations should look more favourably than Labour councils on applications from private enterprise.

The hope is that the inner cities be treated as needing restored self-sufficiency, rather than external propping-up. The old industries they have lost cannot be conjured back again, and narrowed opportunities have caused an outflow of population and talent which has continued for many years. Lack of jobs, skills and decent housing set up a vicious circle of falling morale, which cannot be broken easily or quickly.

Areas of this kind exist in some cases within walking distance of thriving city centres, as if they were psychologically walled off from opportunities within easy reach. But the Government's initiatives have already had enough success to show that the vicious circle can be broken. Its victims cannot break it alone, but they can be helped to help themselves and gain confidence in the future. They must be, if what is at present largely rhetoric about two nations is not to gain a more and more threatening validity.

## JOBS IN PROGRESS

Yesterday's announcement of a record monthly fall in the numbers out of work bringing the figure below three million for the first time in four years will give the country a psychological lift in the long war against unemployment.

Although there is a long way to go, recent progress has an encouraging consistency. Having risen further and faster than in most other major countries, Britain's unemployment is now travelling faster in the other direction. According to today's half-yearly *Economic Outlook* from the Organisation for Economic Co-operation and Development, only Britain and the US are likely to enjoy a fall in unemployment over the next 18 months. In many other countries there may be an increase.

Nor is this improvement confined to the South-east. Last month unemployment fell in every region of Great Britain. Over the past year the biggest falls have been in Wales, the West Midlands and the North-west - a distribution which may throw some retrospective light on the election result. Although Labour consolidated its hold on the Welsh voter, the Conservatives made strong inroads in the West Midlands and achieved better results than expected in the North-west.

There are three main influences bringing unemployment down. First, the Government's employment measures are helping to take people off the register. Including 65,000 receiving training, the Government measures account for just over 100,000 of the 284,000 fall in unemployment over the past 12 months.

Secondly, the Restart scheme, under which all the long-term unemployed are being interviewed and offered help in some form, has helped to sift through the register. So far nearly 1.4 million have been interviewed and a small

proportion of these - less than 10 per cent - have not turned up for subsequent interviews, perhaps because they were not seriously looking for work or because they were in work already.

Thirdly, and most important in the longer term, the buoyancy of the economy is generating new jobs. Consumer spending remains high, investment is reasonably strong and the predicted balance of payments crisis has so far notably failed to materialize. As a result Britain currently has the fastest rate of growth of any major country with expectations if anything being revised upwards.

All this may change. The OECD, for one, thinks that productivity which has been rising rapidly will slow down next year leading to another bout of the British disease - accelerating labour costs. The latest figures on pay show the underlying rate of increase in earnings edging up in April from 7.5 per cent to 7.75 per cent which gives no cause for comfort. Higher pay is fine if it is being earned by higher output, which for the moment it is, but if output growth falls next year as many forecasters expect it is not easy to be confident that pay increases will slow down to reflect employers' reduced prospects.

For the moment, however, the economy is in better shape than for a long time. One of the changes we have seen in the past few years is that gloomy forecasts have as often been proved wrong as proved right. In the 1970s the forecasters were more often too optimistic. Although it is quite possible to argue that the real level of unemployment is higher - or lower - than the Government's figures there can be no doubt about the trend, and the trend is in the right direction.

## END OF AN AFFAIR?

For a time yesterday it looked as though the principle of "build-down", more familiar in the context of arms control talks, had been elevated into a new form of diplomatic reprisal. As another group of British diplomats arrived back from Iran, Tehran radio announced that Iran was withdrawing all but one of its diplomats in London - voluntarily.

It soon transpired that this was just another piece of face-saving wordplay by the Iranians. The British Government had ordered the expulsion of those very diplomats two days before; this was the first intimation of Iran's response. Within one month of the abduction of Britain's Head of Chancery in Tehran, which triggered the expulsions, Britain and Iran are to be left with a single diplomatic representative in each other's country.

British-Iranian relations, both in terms of diplomatic representation and mutual ill will, are now at their lowest point since the British mission in Tehran was reduced to two, shortly after the Iranian revolution. Six years of often hard and painstaking work, in the course of which the staff at the British interests section in Tehran has gradually been increased, have been negated. An exchange of ambassadors, which seemed a realistic prospect, has been pushed into the remote future. This can hardly be what either side foresaw when the fracas began.

Yet the condemnation of the British Government's handling of the affair that has emanated from many quarters is misplaced. Britain did not, as some have suggested, mistakenly allow a case of petty shoplifting to grow into a diplomatic crisis. The responsibility for the worsening rests squarely with Iran. The Iranian authorities engineered the assault and abduction of Mr Edward Chaplin in an at-

tempt to pre-empt the course of British justice. In so doing, they violated all norms of diplomatic behaviour which govern relations between civilized states.

Britain's initial response - to close the Iranian consulate in Manchester and expel five Iranians, including the accused vice-consul - was, if anything, mild. The vice-consul did not have to face trial, and the imbalance whereby Iran was able to maintain almost twice as many diplomats in Britain as Britain maintained in Iran continued. Iran's hostile response was entirely uncalled for.

The position now is that British-Iranian relations have been scaled down to the point where the conduct of day-to-day business will be difficult and third countries will probably have to act as intermediaries. But something has been salvaged. A potentially troublesome outpost of Iranian "revolutionary" authority in Manchester has been closed. Mr Chaplin, whose safe return to Britain was initially in doubt, is now home. And parity in diplomatic representation has been achieved, albeit at the lowest possible level.

This state of affairs, however unsatisfactory, is preferable to the complete severing of relations. It allows the continuation of trade, which runs consistently in Britain's favour. It keeps channels of communication open, and so keeps alive the faint hope that Iran might eventually intercede for the release of people kidnapped in Lebanon, including Mr Terry Waite. Above all, it makes easier an eventual improvement in relations when the time is judged to be right. Given the balance of advantage when Mr Chaplin was abducted, to have salvaged so much is no mean achievement.

## Flaws in case for Alliance merger

From Mr Neville Sandelson  
Sir, In 1984 Dr Owen described the merger concept as "impractical and unrealistic and undesirable". It has become no less so simply because the two Alliance groups have suffered a severe setback in the general election.

For many members an amalgamation in some form will no doubt seem necessary and inevitable but the reality is that, even if a majority voted in favour, it would be a marriage in name only, lacking affection, unity and permanence. In philosophy, policy and organisation what divides the two groups is infinitely greater than what joins them together.

The SDP pact with the Liberals, an essential piece of political engineering following the break-away from the Labour Party, was fatally flawed. Large sections of the Liberal membership feel closer to Labour, and some to the Labour left, than to the SDP.

For Liberals, Conservatives are traditionally the only real enemy. For true Social Democrats, socialists and their friends must first be

defeated if a genuine realignment of non-Tory groups capable of forming a democratic alternative is to be achieved.

Mr Steel and some of his closest lieutenants manifest distinct political preferences which logically must lead to a relationship, possibly before the next general election, with the Labour Party. That is hardly the road that Social Democrats would wish to travel.

Mr Hattersley's foolish invitation to Social Democrats to "come home" was treated with the derision it deserved. Mr Steel and his colleagues should now be asked politely to keep their distance. What the future would then hold for the SDP and where that would leave its members, including founder members like myself, must be the subject of careful thought and individual heart searching for some time ahead.

Yours etc,  
NEVILLE SANDELSO,  
Reform Club,  
Ball Mall, SW1,  
June 17.

## Election tallies

From Mr Winston S. Churchill, MP for Don Valley (Conservative)  
Sir, May 1, as one who has had the honour of representing a Manchester seat for the past 17 years, correct the statement in your issue of June 13 that the Conservatives now have no seats in Manchester or Liverpool.

That would only be true if you were to assert (which you do not) that Labour hold no seats in London. Since, when you refer to London, you clearly mean Greater London, should you not by the same token refer to Greater Manchester and Merseyside?

The fact is that in the general election the Conservatives held 10 out of 30 seats in Greater Manchester and four out of 17 in Merseyside, a loss of one in each case. In the rest of the North-west there was no change, with Conservatives holding 23 out of 32 seats. Hardly a bad showing for a Government seeking a third term.

Yours faithfully,  
WINSTON S. CHURCHILL,  
Squerries Lodge,  
Westonham, Kent,  
June 15.

## At the polling station

From Mr Anthony I. Kraus  
Sir, Twenty-one senior citizens, residents of this society's home for the blind in north London, in attempting to discharge their democratic right to register a vote in the general election, were faced with unsurmountable obstacles at their polling station.

Our group (average age 87), arriving in the home's ambulance, were presented with a flight of steep steps and doorways too narrow for the passage of wheelchairs; no attempt at finding a solution was made by the returning officer. Indeed, it was suggested that "next time" they use the postal vote.

Other polling stations which I passed during the day would have presented similar access problems. Efforts to keep the elderly and the disabled actively involved in the community are not helped by this lack of understanding for the special needs of this important section of the community.

Yours faithfully,  
ANTHONY KRAUS,  
Executive Director,  
Jewish Blind Society,  
221 Golders Green Road, NW11,  
June 12.

## The infant Swift

From Mrs Jenny Mezciems  
Sir, Jeremy Godwin's appeal (June 13) for the preservation of Whitehaven's oldest house is no doubt a worthy one, regardless of association with Jonathan Swift. But to stretch that association to a claim that Swift there "had the idea for *Gulliver's Travels*" is to make him somewhat precocious.

Swift was born in Dublin in 1667. He reports of himself (in the third person) that "when he was a year old... his Nurse... stole him on shipboard unknown to his Mother... and carried him... to Whitehaven [to visit her sick relative], where he continued for almost [two years] three years" until his mother supposedly considered him fit for the return voyage.

A young girl figures in *Gulliver's Travels* in the role of nurse (with Gulliver as mannikin doll), but possible memories of infancy incorporated in a book Swift began to write some 50 years later, and published in 1726, hardly suggests he was planning that book at the age of three - though he does boast that "he had learnt to spell, and... could read any chapter in the Bible" by this time.

Yours etc,  
JENNY MEZCIEMS,  
11 Salisbury Avenue,  
Stivichall,  
Coventry, West Midlands,  
June 13.

## No. 1 Poultry

From the Surveyor to the Fabric of St Paul  
Sir, When Canaletto painted London, the distant view of St Paul's riding over City buildings spiced with Wren's many spires gave an image to the capital at once coherent and memorable. Today the great image is lost and we have left a few protected views of the dome and chance sightings between buildings.

It is important therefore that every one of these views is guarded and if possible enhanced. Such a view is to be had from Cornhill to the east of the Royal Exchange. Albeit blemished by the intrusion of Beak House this view is still a particularly appealing one with the dark pointed turret of the Mappin and Webb building in the foreground contrasting with the swell of the dome behind.

Despite its undoubted intrinsic architectural merit the proposed replacement building at No. 1 Poultry is of a different bulk, scale and surface texture from that existing, and far less effective in urban design terms.

Here at St Paul's we ask that full consideration be given to this and other incidental views of the cathedral before an irrevocable decision is taken.

I am, Sir, yours faithfully,  
WILLIAM WHITFIELD,  
Surveyor to the Fabric of St Paul's,  
The Chapter House,  
St Paul's, EC4,  
June 15.

## Use of Opren

From the Managing Director of Lilly Industries Ltd  
Sir, I write to correct certain misstatements of fact and misunderstandings contained in *The Times* leader of June 5, "When the law fails".

We at Lilly deeply regret the discomfort, injury or death of any person while being treated with prescription medicine. However, the effective treatment of serious debilitating disease with potent medicine inevitably carries the risk of unwanted but, for some, unavoidable side-effects.

It is therefore the obligation of any responsible manufacturer of pharmaceutical products to provide proper instructions for use, and adequate warnings based on available scientific knowledge. Such information was provided for the use of Opren. This point has been consistently overlooked in the public debate.

The assertion that the English claimants are victims of injustice is based on a comparison of their situation with that of claimants in the United States. You state that in the US all cases "have already been settled out of court". This is not correct.

Firstly, there have been far

## Population fears for Third World

From the Reverend Giles Hunt  
Sir, I was sad to read the letter from the Director of the Responsible Society (June 15) dismissing fears of over-population as a "popular myth of pseudo-science". Sad, because the aims of the Responsible Society deserve support; yet it is irresponsible to deny what are, alas, facts.

It is a fact that there are today five billion people on earth; that two billion of them are aged under 25; that in 1990 the world's population was just over 1.5 billion. It is also a fact that most of this increase is taking place in the Third World; and that the rate of increase is rapidly accelerating.

The snag about natural control of population is that harvests are never consistent: if a large population is living at bare subsistence level, then a 10 per cent reduction in harvest because of drought will cause disaster. Not only will people starve, as we saw in Ethiopia recently, but the ecological balance of the future will be upset: grasslands will deteriorate through over-grazing, foliage be topped from trees to feed starving cattle, soil erosion accelerate.

We who live in a green and pleasant land need to realise that Africa is not nearly as fertile as the countryside we see; and even when there are food surpluses in one part of the world, it is not easy to transport them to remote famine-stricken areas elsewhere.

Of course we must do so; but it is at best a palliative. The cure must be smaller families. To suggest otherwise is not, surely, morally responsible.

Yours faithfully,  
GILES HUNT,  
St Catherine's Vicarage,  
Preston Lane,  
Faversham, Kent,  
June 15.

From Mr Guy Yeoman  
Sir, Mr Ellison is dismissive of your most responsible statement on the Third World population explosion (May 26).

I have recently returned from study visits to the central African countries of Burundi and Rwanda: with population expansion rates of over 3.5 per cent per annum, these countries are now virtually depleted of forest and are experiencing massive soil denudation. This and the extending drainage of the swamp systems mean that the destruction of these farthest headwaters of the Nile is well advanced, while it is not possible to see where the escalating numbers of the coming generation are to find a living.

Without exception, every development worker to whom I spoke, and every missionary and govern-

fewer cases in the US than in this country. Some of those cases have been settled. However, three cases have yet to be resolved. Each claim has been handled on a case-by-case basis, in contrast to the situation here in the UK where the existence of a large body of litigation which is being pursued on a group basis has made it immensely difficult for the complex issues in each case to be considered.

The general tenor of the leader makes a basic assumption that all the claimants have justified cases and that our company was at fault. The judicial system is aptly suited to handle complex issues involving many facts and people who have differing interpretations of those facts.

Yours faithfully,  
RICHARD A. BAILEY,  
Managing Director,  
Lilly Industries Ltd,  
City Wall House,  
Basing View,  
Basingstoke,  
Hampshire,  
June 15.

## Orchestra funding

From Mr Simon Wallace  
Sir, In common, I am sure, with numerous music lovers, I learn with consternation that the Royal Philharmonic Society may have to cease giving concerts because of lack of funds.

I offer the society a practical solution. They should sell by auction the manuscript of Beethoven's Choral Symphony which they own. I imagine that this is possibly the most valuable musical manuscript extant and would be certain to realise a very large sum indeed.

I am sure that if Beethoven himself were able to be consulted, he would wholeheartedly agree that the performance of the music of himself and of other composers is infinitely preferable to the retention of such compositional relics, however precious.

Yours sincerely,  
SIMON WALLACE,  
11 Alwyn Close,  
Elstree, Hertfordshire,  
June 15.

## Looking after baby

From Mrs M. V. Bayes  
Sir, The Right Reverend Cyril Easthaugh (June 10) may be heartened to read that my grandson possesses an excellent deterrent: "A pound a cuddle, cash not credit".

Yours faithfully,  
M. V. BAYES,  
Daneswood Cottage,  
Perry Green,  
Much Hadham, Hertfordshire,  
June 10.

ment official, expressed the view that population stabilisation must be the keystone of all future development.

One of the greatest and most damaging "myths of pseudo-science" to use Mr Ellison's phrase, has been the unthinking application of the history of 19th-century Europe to 20th-century Africa. Our industrial revolution took place against the background of a world devoid of the products that only we could make, and it was made possible by our position as a sea power and our discovery of north America as a bread basket. What corollary is there between this scenario and the present crisis in Africa?

Yours sincerely,  
GUY YEOMAN,  
Crowden Lea,  
Upper Booth,  
Edale, Derbyshire,  
June 16.

## ON THIS DAY

JUNE 19 1936

Omaha started favourite at 11 to 8 against Quashed, second favourite at 3 to 1, in the Ascot Gold Cup. The race, first run in 1807, was over 3½ miles and worth £2,700 to the winner that year.

## THE GOLD CUP A GREAT VICTORY FOR QUASHED

From Our Racing Correspondent  
The Ascot Gold Cup still remains in this country, for Lord Stanley's four-year-old filly Quashed, leased by him from Lady Barbara Smith, beat the American invader Omaha by a short head. Bokkoi, an invader from France, was third, beaten for second place by five lengths.

That is the result of one of the greatest races I have ever seen, or can hope to see. The prospect of seeing the best four-year-old staying filly that we have had for years, and the two opposed by French invaders, attracted a very large attendance of visitors. The Royal Enclosure was filled, and the lawn and the other enclosures were covered that there was no room left. I had seen Omaha run twice before, but on both occasions he had seemed to me cool and collected, but this time he was excited and in a sweat. He went out for the parade for this race in a state of distinct excitement. Quashed was cool and comparatively unexcited. Cecil, after all, was not started. I am afraid that I did not pay much attention to the other runners.

AN EPIC ENCOUNTER  
The parade over, the small field of nine horses went down to the start. There was no delay there before Captain Allison sent them off in a line. Passing the stands for the first time Chaudiere, a French filly, was in front, followed by Patriot King, who could not win an amateur riders' race recently at Lewes. Behind him came Buckleigh and Quashed. Going down the course after making the turn by the Paddock, Buckleigh went on in front, the field going a good gallop. At the end of a mile, or it may have been rather more, Buckleigh was leading by two lengths from Chaudiere, with Patriot King still third and Quashed fourth. Before the straight was reached Omaha and Quashed moved up, and soon after making the bend into the straight Quashed was in front. Omaha was close behind her. Two furlongs from the finish Quashed and Omaha had the race between them.

And now there took place a really epic encounter. P. Baskley and Omaha came repeatedly at Quashed, who was being beautifully ridden by Perryman. Every time he came at her she found a little more and beat him off. Omaha would not be beaten, and time after time he challenged the filly, but nothing would make her give way an inch, and she held on to win without being headed by a short head. As she got nearer and nearer to the winning-post, the cheering which had greeted her progress died down. After all, it seemed all the time that the great raking American colt would outstride her and that she would be beaten. She went past the winning-post in silence, for only the judge could say which of the two had won.

A GALLANT LOSER  
I had hoped that Quashed would win, but really, if the two had been English bred and English trained I would have selected Omaha. After all, Omaha has lost no caste by being beaten by Quashed. His owner is to be congratulated for sending his colt all the way from America to run for this great race. Even in his failure he was a great success... I must admit that I have never been so thrilled with a race as I was with this race for the Gold Cup. Never before have I seen a horse struggle on so gamely as did Quashed. Time after time she seemed to be beaten, and time after time she refused to give in. Not only is she a magnificent filly to look upon, but she is also a great filly on the racecourse. She is by Obliterate out of Verdict, and it is from her sire that she gets her stamina and from her dam that she gets her pluck.



# 10% MONTHLY INCOME!

p.a.

## TAX FREE\*

This specially designed investment offers you a high, monthly income which has risen year by year and is completely free from income tax.

Look at the table showing how the income from £100,000 invested in April 1982 has risen from £89.32 per month to £197.37 per month. And the results, taking half yearly income, are equally impressive.

In addition to producing the income shown below, your original investment of £100,000 would have increased to £26,679 by April 1987.

To take full advantage of this exceptional opportunity, complete and return the coupon without obligation right away.

Income produced from £100,000 invested in April 1982 cashing in 10% of your capital per annum.

| Average Monthly Income - April - April |         |         |         |         |  |
|--|---------|---------|---------|---------|--|
| 1982/3                                 | 1983/4  | 1984/5  | 1985/6  | 1986/7  |  |
| £89.32                                 | £108.91 | £132.78 | £161.88 | £197.37 |  |

\* Assumed your Capital Gains Tax allowance of £6000 in 1982. All Figures are based on an average annual growth rate of 10%, including reinvestment of dividends, and an 18% rate of tax on dividends. In certain circumstances this may result in a depreciation in capital as it is based on the selling of units in a depreciation in value, and it should be remembered that past performance cannot necessarily be taken as a guide to the future as unit values can fall as well as rise.

Please send me full details of this outstanding investment opportunity by return.


Name \_\_\_\_\_


Address \_\_\_\_\_

Postcode: \_\_\_\_\_

Date of Birth \_\_\_\_\_ Tel: \_\_\_\_\_

I may consider an investment of £ \_\_\_\_\_

MR 

**RJ TEMPLE & COMPANY**  
Head Office: Temple House, 37 Grand Parade,  
Brighton BN2 2QA. Tel. (0273) 670136. 

Our representative will only visit you if invited to do so







## THE ARTS

## Ghetto blast

Last winter, *This Week* (Thames) reported on the plight of London's single homeless during the big freeze. Last night, it took up the cause of families living a few runs further up the ladder in hotel accommodation. There are 8,000 such families in London alone, a ninefold increase since 1981, and their prospects show no sign of improvement.

This is a politically sensitive issue which has attracted coverage elsewhere, but from any angle the system looks a prodigious waste of money. Concentrating on the hotel

## TELEVISION

ghetto of Bayswater, the programme had the right instinct in leaving the vocalisation to those long-term residents who are actively petitioning for change, and focused its attention on the practicalities of raising small children in pitiful conditions.

This was an eye-opening foray into a cramped twilight where growing children know nothing of the world beyond the four walls of their family's one room; they are inevitably backward for their age, liable to become fractious or withdrawn, and will experience difficulties when (and if) they attend the local school's Portakabin classrooms.

The scale of the problem suggests that a new sub-class of rootless unemployed may be making work for the social services around the turn of the century. Perhaps some of them will take to pop music. If so, as *Tomorrow's World at Large* (BBC1) showed, they may find that all instrumental music derives from one central machine of infinite versatility.

This brief examination of the ability of computers to create entire scales from a one-note sample went some way to explaining the doldrums in which pop music currently finds itself. Almost everything sounds clinical and heartless: maybe such music is appropriate for our age.

The real problem for those of us who were weaned on the Rolling Stones in this field — not least Jonathan Harvey's *Mortuus plango*, which spins an entire cocoon from his son's treble voice and the tenor bell of Winchester Cathedral. This is perfect radio-play music: comparable efforts using the cries of animals from London Zoo are less appealing, and are sympathized with the bemused children invited to hear the playback.

Martin Cropper

## Romantic about British music

André Previn nowadays cuts an almost donnish figure. Gone are the flowing neckerchiefs which characterized the razzle-dazzle days of the early Seventies with the London Symphony Orchestra. In their place is a neatly knotted tie of extreme decorum, with a tweed jacket that would not be out of place in North Oxford academia. But if the image has changed many of the tastes remain the same, and they are clearly demonstrated in the programmes of "The André Previn Selection", which opens at the South Bank on Sunday. Gershwin rubs shoulders with Beethoven; Dizzy Gillespie, who has long been Previn's favourite trumpeter, appears a few days after Anne-Sophie Mutter, who may well be his favourite violinist. The Royal Philharmonic, of which Previn is principal conductor, is in attendance as usual.

It looks like the André Previn selection, but is it really? Previn's reply is that it has grown out of the old South Bank Summer Music and he adds, with a touch of the old laconicism, that it is his choice "from what is available".

"Summer is the recording season, so that means Anne-Sophie Mutter is in town and we can do two Beethoven programmes with her. Then there are works like the Messiaen *Turangalila-symphonie* [the opening concert] which you can only play under 'festival conditions' — although that word 'festival' is banned around here. If you have half a dozen people bound

Ranging all the way from Beethoven to Dizzy Gillespie, André Previn presents his own characteristic 'selection' of music on the South Bank beginning on Sunday: interview by John Higgins

to your house these days someone will call it a 'festival'. 'Selection' is a much sneakier name. I haven't done the *Turangalila* for years."

One of the most intriguing evenings could well be the revival of Previn's own composition with Tom Stoppard, *Every Good Boy Deserves Favour*. That has not been seen here for nearly a decade. How will it stand up to the years?

"We revived it in LA last December and I think it is clear now that the music is subservient to the words, which are as riveting as ever. We'll be playing it in what I call the 'Mermaid version', with the orchestra down from 100 to about 25. I think it stands as a good, strong piece of music-theatre. Tom and I wrote it as a one-off, but it's now had 300 performances around the world and the Met in New York will be reviving it soon."

Previn the composer remains active. The Piano Concerto he wrote for Vladimir Ashkenazy, now music director of the RPO, has also gone into the repertoire of Emmanuel Ax and André Watts. "I quite like it. I don't want to use obvious words like 'old-fashioned' or 'romantic'. Let's just say it was devised as a full-blown concerto. I'm in the middle of writing a Cello Concerto for Yo-Yo Ma and I owe the Vienna Phil a piece. Of course, you look back at some of the things you composed 20 years ago — and I'm not just talking of the movie scores — and a shudder can go down the back. But that is all past. To a young composer who wants to get played the advice is write something for brass: you will be performed around the clock."

Previn the conductor now divides his time equally between the RPO in London and the Los Angeles Philharmonic: 16 weeks apiece. Because of the American subscription system, with series repeated, California gets rather more concerts and London a greater number of different programmes.

In LA he is reckoned a champion of British music: that city had not heard Britten's *Spring Symphony* before Previn's arrival, and during the orchestra's recent European tour they gave the Madrid and Stuttgart premieres of Elgar 1. Back in London he has emerged over the past few weeks as the champion of British players.

The RPO's recent announce-



Previn: "When I first came to London it really was a feather in your international cap to conduct here"

ment of a four-month period each year when all the members of the orchestra will be on strict contract and salary almost certainly stems from Previn's denunciation last November of performing conditions here and his resignation as music director of the orchestra.

"I really cannot think of any other place in the civilized musical world where players still get paid by the session and where they are forced to take on more and more work in case there is a fallow period just around the corner. It is not just a matter for the RPO: I've watched it spread through the other leading

orchestras. When I first came to London, almost 30 years ago, it really was a feather in your international cap to conduct here. But over the years the provincial names and the poor venues have steadily crept in.

"When I resigned it was partly because I didn't want to get into an uproar every time I saw on the schedule a conductor or a soloist who, quite frankly, should not be allowed to grace our platform. This new action under Vova [Ashkenazy] ought to allow us to cut back on the sort of dates which, to use a nice English euphemism,

are 'artistically unimportant'."

So have Previn and Ashkenazy, close friends for a quarter of a century, carved up the RPO repertoire between them?

"I think that's too crude an expression. Let's say I like Haydn and Mendelssohn, not his specialities, and he likes Sibelius, which is not mine. He is not very keen on new music, whereas I am, although I do have a cut-off point (call it Stockhausen?). And I don't believe in ghettoized modern music concerts. But there's a great well of little-known scores out there waiting to be tapped."

## Stunning revelation

## THEATRE

Miss Julie  
Lyttelton

Last week's *Hamlet* may have aroused a storm of conflicting opinions, but there is no room for disagreement over this second offering from Stockholm's Royal Dramatic Theatre, which repeats the magnificent impression it made in Edinburgh last year.

However well you know Strindberg's *Miss Julie*, Ingmar Bergman's production has the impact of a brand-new masterpiece. It ransacks every crevice of the play, silences no less than dialogue, for expressive content. And more than any other version I have seen, it shows Jean and Julie as two characters whose past lives have been spent in preparation for their fateful Midsummer Night. When it arrives, they go up in an instant blaze of self-destruction.

Work on this level achieves its effect in the same way as a spinning colour-wheel. The general impression is one of brilliance and energy; but the effect is actually achieved through precise articulation, and the intensification of detail within a limited span of time.

To take one example: when Jean uncorks a bottle of the Count's best wine to drink with his simple kitchen dinner, the usual impression is simply that of a valet with genteel pretensions. As Peter Stormare (last week's *Hamlet*) plays it, the sequence is elaborate as confused as the main character.

## DANCE

Dubbelspoor  
The Place

Hurry to book if you want to see this gripping neo-theatre piece from the Netherlands, because the nature of the presentation restricts the seats at The Place to fewer than 60. We all sit looking into a wall of mirrors, watching a reflection of the dancer on a platform behind us. But then the magic of theatrical lighting takes over and we are watching through the mirrors at the same time. The trick is a simple one, but so perfectly carried off that it leaves you excited and puzzled at some of the effects achieved. Also, it is not used just as a clever device but as the perfect metaphor for a woman divided in her own mind.

She is waiting on a deserted railway platform as the trains go by; waiting to make up her mind about something vital to her, as we find out from Samuel Beckett's *Text for Nothing No 2*, which is incorporated into the action. Bepko Blankert speaks almost as well as she dances and choreographs, which is rare in such presentations. She is joined by another dancer, Caroline Dokter, or perhaps I should say she is left by her since we first see the newcomer materializing from exactly the same spot on the same bench. The stage action and the words imply clearly that they are aspects of one self.

A video film projected simultaneously (to mark "real time", the programme tells us) implies equally clearly that there are two women. Perhaps that is a little tease to make us

The long-range effect, though, is to convert her into "the other woman", with the result that there is a slackening of tension (as well as probability) when she returns to bed leaving Jean and Julie to conduct their affair unobserved. The lapse is only momentary, and once the sexual power-games between Stormare and Marie Goranzon get under way, with Julie offering an unclad leg for Jean to kiss, and beating his hands away while thrusting his face into her breasts, you can almost see blue sparks sizzling between them.

Multiply that tiny episode by an equivalent and ever-accelerating treatment of the events to come, and you have some idea of the dramatic life Bergman has packed into the show's uninterrupted two hours.

His most startling decision is to develop the role of Kristin (Gerthi Kulle) from a bovine menial into a vigilantly alert figure of almost equal status to the central partners, thus transforming the play from a duet into a trio. There is a strong sensual bond between Kristin and Jean that runs like electricity through the early scenes; as where she goes into festive costume for the night's dancing, only to see her partner snatched away by the slumming mistress of the house.

Louis Andriessen's music plays similar tricks with time and space. He created it himself on tape as a harpsichord solo on which, during repeats, he superimposes first a piano, then celesta and chimes, as he says, all hammered instruments with reverberations. It makes a strange, compelling accompaniment, interrupted at intervals by the sound of trains.

Dansproduktie, the presenting company, has made a reputation here through solo programmes at Riverside and the Almeida, but this is their best so far. *Dubbelspoor* ("double track") leaves most other dance-theatre presentations standing, only Pina Bausch excepted. Here until next Tuesday only, but followed by another of their shows.

John Percival

Sylvia Plath  
Jacob Street Studios

Johann Kresnik is a loner among German choreographers. This week's performances in the film studios at Jacob Street, Bermondsey, under the auspices of the German Arts Festival, offer a chance to see how his interpretation of dance theatre differs from that of his younger contemporaries, Bausch, Hoffmann, Linka, all of whom began in the Jooss tradition although they have gone their several ways.

Kresnik began as a ballet dancer but his own productions have always been preoccupied mainly with content, with a concern for the problems of society, with using movement images to express ideas adding up to a total

dramatic statement. Hence such a work as *Sylvia Plath*, created in January 1985 for the company he directs at Heidelberg.

In a marvellous tunnel-like setting, designed by Anne Steiner, the performers manhandle beds, wardrobes, hospital urns, even kitchen sink to hem in the heroine as the action develops. Accompanied by an atmospheric score by Walter Haupt and extracts from Plath's writing spoken by the cast, Kresnik sets out his manic-depressive subject's life from her father's death when she was a child, through triumphs and disasters, attempted suicide, bizarre treatment, childbirth, marriage, work and fantasy, to the eve of her self-inflicted death.

Many of the images are striking: Plath hiding from her fears under an ironing board, Plath crucified on poles held by two men, Plath flumming her way along with sticking plaster over her eyes. Plath and her husband mixing work and romance at their typewriters on one small table with one shared chair.

Kate Antrobus in the title-role and Regine Fritzsche as her alter ego convey the bravado, pride, attraction and terror of the character. There is another role which may or may not represent the suicidal Plath, so when the "husband's friend" first appeared I was briefly in doubt whether she was really the Other Woman or merely another aspect of the same woman.

The strength of the piece is the conviction of all the players and the way they transform themselves into multiple characters while acting simultaneously as scene-shifters. The weakness is that all the subsidiary roles are presented as grotesques.

J.P.

## ALMEIDA FESTIVAL

Almeida  
Ensemble/Cerha  
Almeida Theatre

There is every reason to hold Friedrich Cerha in high esteem. Among his achievements is the singular service he performed for 20th-century music in the completion of the third act of Berg's *Lulu*. Yet about his own music, its aspirations and its accessibility, one must express doubts, at least if *Exercises*, composed between 1962 and 1968, is anything to go by.

It does not take much experience of new music to realize the existence of a certain maxim which says that, the more a composer volunteers in the way of written explanation, the more likely his music is going to try to explain itself at undue length. *Exercises*, which apparently formed the basis for Cerha's theatre piece *Network*, performed in 1981, concerns itself, according to the composer, with the interaction of different levels and types of statement.

Whilst it is only fair to add that Cerha admits the obviousness today of the problems of

the resultant "networked system", having sat with diminishing patience through an hour's worth of stuttering statements of various lengths, textural densities and dynamics I cannot disagree with him. The pacing of the work, as far as meaningful events are concerned, is agonizingly slow, the detail often unaluringly complex. And the addition of an occasional spoken or sung element, couched in an invented language, ensured our inability to comprehend the workings of what is nevertheless undoubtedly a fine intellect.

For the record, the Almeida Ensemble, conducted with broad gestures by the composer, endured their ordeal manfully, while the speaker, the composer H.K. Gruber, and the singer, the baritone Simon Grant, emitted their absurdist text with not a flicker of self-consciousness. The audience, by the way, seemed to like the work. Were one's instincts falling?

Ligeti's Chamber Concerto, after the interval, proved that they were not. How refreshing to hear music with a definite purpose, a sense of economy and elegance, an utter lack of pretension. But how worrying to have it confirmed that some people will applaud the new (or newish) because it is new rather than because it is good.

Stephen Pettitt

## Free weekends with Thistle Hotels.

Stay at a Thistle hotel this summer and you'll receive a Free Weekends promotion card. For every night you stay between 22nd June and 20th September, we'll stamp your card. Simply collect six stamps and you qualify for a five night's stay at the weekend for two, including breakfast. Four more stamps and you can enjoy a two-night weekend break.

To help you qualify for your free weekend we'll give you two stamps per night between 20th July and 6th September.

For full details and to make your hotel reservation, telephone 01-937 8033

\* An administrative charge will be levied on all. Transport or Corporate Rates to qualify.

THISTLE HOTELS

As individual as you are.



TONIGHT at 7.00 then June 24, 27 only  
last 3 perf of Bizet's

## CARMEN

"a thrilling performance" Standard

"a stunning 1950's West Side Story-style production" D. Mail

This revival is sponsored by Esso UK plc

English National Opera, London Coliseum,  
St. Martin's Lane, London WC2.  
Box Office: 01.836 3161. Credit cards: 01.240 5258

A FILM BY FRANCESCO ROSI

## CHRONICLE

—OF A DEATH FORETOLD—

"GORGEOUS, MYSTERIOUS AND RIVETING"

RUPERT EVERETT ORNELLA MITT GIAN MARIA VOLONTI  
IRENE PAPAN LUCIA BONI ANTHONY DELON ALAIN CUNY  
SERGI NATU CAROLINA BAI CAROLINE LAM SALLY WATSON  
with FRANCESCO ROSI. Screenplay by GABRIEL GARCIA MARQUEZ

STARTS TODAY Lumière GATE



## FRIDAY PAGE

## Labour and love

Anita Roddick of The Body Shop has an unusual approach to the cosmetics industry. Penny Vincenzi hears her views on money, men and getting older

Market research, Anita Roddick says, is like driving along looking in the rear-view mirror. You are studying what has gone. Roddick doesn't have a lot of time for market research. She says that in the face of business indecision all you have to do is ask 10 intelligent people, and if they all say the same, they are right.

This is an interesting approach to business, but then most of her approaches are interesting. Few cosmetics moguls would drive a dog sled through Lapland, with thermometers registering 25 degrees below zero, in order to study moisturizer formulation, or strip off for a group of Japanese pearl divers in exchange for information about care of the skin underwater. Roddick does, and it works.

The Body Shop, which she founded in 1976 on a £4,000 overdraft, is now a public company with pre-tax profits last year of more than £3 million. There are 250 shops throughout the world, and the number is growing. The products sold in the shops, designed to "cleanse, polish and protect the skin and hair", are what she describes as "cosmetics stripped of hype". "The major produce in the cosmetics industry is garbage. And it's the most unproductive of industries at creating needs that don't exist."

Catering for needs that do exist has taken the Body Shop into such disparate places as the Arctic Circle, Dubai, Singapore and Bondi Beach; it is now setting out for that home of type, the United States. Early next year one branch will open in New Jersey, to be followed by another, also in the East Coast. Roddick is confident that the Americans are ready for an informative, innovative approach to cosmetics, and besides that she has discovered she says the right man to run her operations in the States — a aragon, a humanist, not a "heavy marketing guy", a man who would understand the considerable feminist principles contained in the Body Shop. Michael Waldock, ex-president of the terence division of Unilever, meets these demands.

Roddick is extremely happily married to Gordon Roddick, who is chairman of the Body Shop. They work together and always have, ever since their early days travelling round the world with their babies on their



Body and soul: Anita Roddick, crackling with energy and still finding inspiration in unlikely places

backs in the 1960s. There had never been any difficulty at all, she said, with her being the more visibly successful person in the partnership. "We have always worked as a team, with the house, the family, the company, and the kids."

"I am very creative, intuitive, looking at the future in terms of products, training, communication, whereas Gordon is the traditionalist, looking at things in terms of the housekeeping, the strategy, the planning, that type of thing. He's an absolute genius. What's more he realizes, like me, that all you want in life is to be loved by your family and to have the respect of the people you respect."

As well as love and respect, of course, they do have a lot of money; she says she doesn't care about it. "It's nice, being rich. You can buy things for your kids, but I'm not acquisitive in terms of material possessions. I have an aesthetically pleasing house, and I've put thousands into my garden. I love it to death, and that's my joy. My car is just an ordinary Rover. I don't have help in the house, my mother still does my washing."

"I travel by tube because it's convenient. I don't have a lot of jewellery, I dress in jeans. Also, I come from a Catholic background; they are very non-narcissistic, so I don't spend much time preening myself or getting massages or manicures."

She says that being a Catholic has left its mark. "There's still an extraordinary guilt that whenever you're happiest you visualize the worst thing that could ever happen to you. And you never actually look after yourself, you become a great victim."

Roddick is 44 years old; in your forties, she says, you debate love. When you're 30, all you think about is feathering the nest, and making the kids' home lovely and all that. In your forties you want to be with the friends you love most, you don't want to give any time to the rotters. "And getting older? I think it's an aesthetic pain in the bottom, ageing. No more than that." Her energy is formidable; she crackles with it. She says she has always been like that. "I think it comes back to a fear of death. I have to live every day to the full. I mean, this is no dress rehearsal, is it?"

She travels the world relentlessly and loves every moment of it. She finds inspiration for her products in unlikely places. In Japan she came across a nightingale droppings factory. "There were about 7,000 nightingales, happily doing their work; the silk workers dry the droppings and then grind them up and with the limestone in them bleaches out any stains there might be in the silk. And it also bleaches the skin. If only I had the sense of mischief to do it..."

It was on that trip that she stripped off for the pearl divers. "They were curious, you see. I'm quite big-breasted, they're flat-chested, and I

thought if they want to look at me, fine. I wanted to hear about their skin."

Her latest success is the Body Shop Mostly Men range. "That's a much harder market to crack. But we found that what men want is self-service. They want to come in and take it and buy it and off they go. It's been an incredible success."

She enjoys her life, her work, her success. "I tell you what, though, it's hard to get to the top if you're a female in this country. The only way to do it is to run your own company. And that's the easy route. God help you if you ever want to be part of the petrochemical industry or the banking world."

She does not suffer greatly from self-doubt, anxiety, or stress. "I think it's arrogance to say there is stress in what I do. This morning I passed a young girl, 16 years old, and she'd been sleeping on a bench in Sloane Square with her baby. Her boyfriend had kicked her out. Now that's stress. How do you compare that with what we have to contend with?"

She is, she feels, hugely privileged. "There is not much more to life for me than having the best job in the world, and making love. And loving and having your family. Being able to put your love where your labour is, as Emerson says, I think." She adds in a rapid whisper: "That's perfect."

© Times Newspapers Ltd 1987

## All in the family

All yesterday afternoon, along the French Mediterranean coast from Hyeres to St Tropez, I sidled up to newsagents asking them if they had a copy of this month's French edition of *Playboy*. "Epuisé, madame," they shrugged and then slyly pulled out ghastly German magazines featuring pictures of women in high boots. I suppose they thought I was one of those sort of English.

All the French know about the *Playboy* magazine in which Mme Le Pen, the former wife of France's National Front leader, is posed with feather duster in hand and bosom and buttocks on display. The pictures of Pierrette Le Pen in peckaboo variant of a standard French maid's outfit, available at any local Ann Summers shop for about 10 quid, do more for the excitement of being 50 than all the exhortations of women's magazines on the same subject. Pierrette, who ditched her husband for a journalist who came by the house one day, posed for the pictures as revenge for her husband's stinginess.

"If she needs money, all she has to do is work," M Le Pen said in an interview he gave to an earlier edition of *Playboy*. "She should either be kept by her mother, or she should work. She could be a maid. That is not dishonourable work."

The longer one lives, the more one understands how difficult it is to squeeze the actions of men and women into any predictable pattern, and even more difficult to extract any moral precept from a particular situation. I have no idea about the merits of the financial arrangements between the Le Pens, although I have always believed that if one walks out on a marriage for not much stronger a reason than one's hormonal indulgences, there

From Dr Helen Davies, 14

Haslem Avenue,

Crawley, Sussex

I cannot let Dr John Galleher's comments about protection from rubal damage go unchallenged (Medical Briefing, June 4). To say that "... the best way to avoid such damage, short of not having sex at all, is to use a barrier method with spermicides, or the next best way is to take a progesterone-dominant pill" is, to say the least, patronizing. If not positively misleading. Does he assume that every act of sexual intercourse is at risk from sexually transmitted

infection? Are all our husbands assumed to be carrying the organisms responsible for tubal infection and possible future blockage? Or is it assumed that extra-marital affairs are part of the normal state of affairs?

The truth is that those who promote contraceptives feel that all acts of intercourse need to be "protected". In their enthusiasm they fail to recognize that a woman is potentially fertile only for a short time in each menstrual



BARBARA AMIEL

is a price to be paid. That may mean leaving the household effects behind together with the abandoned spouse, unless of course there is clear-cut ownership.

Of course, marriages always have an array of plausible reasons for their breakdown, but short of physical abuse, alcoholism and similar excesses, they usually reduce themselves to the fact that he or she prefers the new answer in bed to the old one. Mme Le

Mme Le Pen has her journalist lover; is she also entitled to the family silver? I have my doubts

Pen has her journalist lover; is she also entitled to the family silver? I have my doubts

Although M Le Pen is not a figure who instantly commands affection, after finally catching a glimpse of the colour photographs of his 50-year-old wife *sans* knickers and vest, I can't help feeling a touch of sympathy. It is hard enough to be responsible for

cycle. It seems that they also fail to realize that many, if not most, women desire life-long, faithful union with a partner that they can trust.

From Mrs Laney Randall, Hook Heath, Woking, Surrey

While I fully support the work of chiropractors (Health Page, June 4), as a physiotherapist specializing in sports injuries I must say that where muscle, tendon, ligament and soft tissue damage occur, nature dictates the time of the healing process; no chiropractic remedy can possibly reduce it.

While I fully support the work of chiropractors (Health Page, June 4), as a physiotherapist specializing in sports injuries I must say that where muscle, tendon, ligament and soft tissue damage occur, nature dictates the time of the healing process; no chiropractic remedy can possibly reduce it.

## The lawyer without a clue

Soap operas both reflect and popularize social trends. Yet one current character is mired in the pre-feminist past

Corbin Bernsen is better known as Arnie Becker, the tooth and sneaky divorce lawyer in *L.A. Law*, which is one of those thinking person's ap operas that American television produces rather than the British one to admit. It is on a par with *Hill Street Blues*, *St. Vincent* and *Lou Grant*, all of which dovetail contemporary issues, relationship dramas and high-gloss entertainment with such consummate skill that they ought to be back to composing shopping lists.

Bernsen is on a short visit to London to do some shopping — "explore the British film industry" — neither of which will detain him beyond Monday. Then he returns home to Hollywood to make a *Hellman* film called *Hellman* and a second series of *L.A. Law*. He is as charming as Arnie, and has a way of effacing remarks with a dithering "I've never said this anyone else before..."

Aged 32, he is dressed as a regulation gorgeous Californian — blonde hair, blue eyes, blue eyes — and looks somewhat younger than the harp-suited Arnie Becker. "I've all that corporate glam-



Corbin Bernsen, live in London, and (right) with Susan Rutan as Roxanne in *L.A. Law*

(produced by his father), in which he was called upon to play "a pair of naked young limbs thrashing about in the back seat of a Rolls Royce", changed his direction. From that point, even the twin penances of unemployment and then a two-year stint in a daytime television series called *Ryan's Hope* did not alter his resolve to be an actor.

Now he has a seven-year contract and looks forward to *L.A. Law*'s development both as a human being and a lawyer. "The first script said he was a rat, but I have a liking for him, partly because he aims to be the best at what he does. But also he's a bit like some Cary Grant character from a Fifties movie. He's a ladykiller, but in the 1980s he's a little out of his time. Anyway, in the future I don't think he's going to be jumping into bed so often because of the Aids epidemic."

Arnie is certainly not a New Man. He is an old-fashioned boulder, floundering in a world where women pull guns and other unpleasant surprises on him. His relationship with his secretary, the hapless Roxanne, says a great deal in a very economical way about contemporary sexual etiquette: if this had been the Fifties, and he had been Cary Grant (and she had been Doris Day or Debbie Reynolds),

both of them would have instinctively known the right moves. In the backwash of the feminist revolution, neither has a clue.

"I don't want to give too much away, but a lot's going to happen between those two. The trouble is that if they live happily ever after, Arnie and I could be out of a job. If Arnie marries, I want it to be as disastrous as possible."

Bernsen himself was going through a painful divorce as he was making the series. Had fame and fortune not brought him happiness? "On the contrary, my marriage broke up way before *L.A. Law* because we lacked security and a financial base." (That is Californian for "We had no money.") "I don't find fame a burden — after all, I get invited to some fun Hollywood parties now."

"Even so, there are still really elite circles which I haven't penetrated. Part of me would like to. But part of me... I've never said this to anyone before... still feels like an outsider. Anyway, I'm not really famous. There's a difference between people saying 'Hello, Arnie' to you on the street and being a Reagan or a Gorbachov or a Thatcher. Now that's fame."

Jennifer Selway

© Times Newspapers Ltd 1987

## More and more people are now choosing The Mortgage Corporation.

### Because all they want is a house.

At The Mortgage Corporation, we always offer an attractive rate. But more than that, we pull out all the stops to get you the house you want, without the fuss. Imagine. A provisional offer in the post

to you within 24 hours.

For a brochure and application form, call right now, free of charge. Or return the coupon below. If all you want is a house, what could be simpler?

RING 0800 400 424 FOR WRITTEN DETAILS

Send me the full facts on The Mortgage Corporation immediately:

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

POSTCODE \_\_\_\_\_ TEL. NO. \_\_\_\_\_

BUYING A HOUSE ☐ RE-MORTGAGING ☐

Send to: The Mortgage Corporation, Application Service, Freeport, BS3535, Bristol BS1 4YP



The Mortgage Corporation  
MAKING MORTGAGES HAPPEN

The Mortgage Corporation Limited. Registered Office: Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0NS. Registered No. 1788486 is a subsidiary of Salomon Inc. Our A.P.R. is variable. We require a first mortgage over the property. We also require the assignment of an approved life insurance policy (or policies) as additional security. A mortgage guarantee policy may also be required. We only lend amounts in excess of £20,000 repayable at the end of the term, and we will not lend to borrowers under 20 years of age. Offer available for properties in England and Wales only.

Pilgrim Payne Ltd.

FOUNDED 1850

CURTAINS TAKEN DOWN, CLEANED

AND RE-HUNG CURTAIN RELINING

SERVICE OR NEW CURTAINS MADE

FINE RUGS AND TAPESTRIES

CLEANED IN OUR PLANT.

CARPETS AND UPHOLSTERED FURNITURE CLEANED IN YOUR HOME.

Summer Place, London W10 6QU

ESTIMATES FREE

01-960 5656







# TELEVISION AND RADIO

Compiled by Peter Davalle  
and Jane Rackham

## BBC1

- 6.50** *Cartoon*. **6.55** *The Pink Panther Show*. Three cartoons. **7.00** *Breakfast Time* presented by Frank Bough, Sally Magnusson and Jeremy Paxman. News at 7.00, 7.30, 8.00 and 8.30; regional news and travel updates at 7.15, 7.45 and 7.45; weather at 7.25, 7.55 and 8.55.
- 8.40** *Advice Line*. Paul Clark and Eileen Evans answer questions about social security problems. **8.55** *Regional News* and weather.
- 9.00** *News* and weather. **9.05** *Dallas*. Pam goes missing; and JR flexes his muscles at 10.55.
- 9.50** *Cartoon*.
- 10.00** *News* and weather.
- 10.05** *Children's BBC*. Philip Schofield with programme news and birthday greetings. **10.30** *Play School* with Floella Benjamin and Nigel Mackin.
- 10.50** *Crickets*. Test. Tony Lewis introduces a package of the second day's play between England and Pakistan in the Cornhill Insurance Test Series. Commentators are Richie Benaud and Ray Illingworth. Includes news and weather at 10.55 and 12.00.
- 12.25** *Regional News* and weather.
- 1.00** *One O'Clock News* with Martin Lewis.
- 1.25** *Neighbours*. The winner of the bank contest is announced. **1.30** *King of the Hill* narrated by Ray Brooks. **1.55** *Philomena*. Animation about a white kitten (r).
- 2.05** *Royal Ascot*. Coverage of the final day's racing includes The Windsor Castle Stakes at 2.30 and The Hardwicke Stakes at 3.05. The race commentators are Peter O'Sullivan, Jimmy Lindsay and John Hamner.
- 3.40** *Cartoon*. **3.50** *The Adventures of Morph* with Tony Hart (r).

## BBC2

- 6.55** *Open University*. Skatell adaptation. Ends 7.20.
- 6.50** *Cartoon*.
- 10.04** *Daytime on Two*. Subtitle Slot 10.30 Geography 11.00 Cee-fax 11.40 Sex Education 12.00 Cee-fax 12.30 James is our Brother 1.00 Cee-fax 1.30 Computer Club.
- 2.00** *News* and weather. **2.02** *You and Me*. Series for four and five year olds (r).
- 2.15** *Crickets*. Coverage of the second day's play between England and Pakistan. The final day of Royal Ascot includes The Wokingham Stakes at 3.45 and The King's Stand Stakes at 4.20. Dan Maskell, John Barrett, Williams Wade and Gerald Williams are the commentators for the semi-finals of the Pilkington Glass Ladies Championships in Eastbourne. Includes News and weather at 3.00 and 4.00.
- 6.15** *Film*. *Conan the Barbarian* (1982). Western adventure starring Randolph Scott as a lawman who rescues a kidnapped woman and then tries to escort her home through hostile Indian territory. Directed by Budd Boetticher.
- 7.30** *The Education Programme*. Investigates pre-school education.
- 8.00** *Face the Music*. Brian Redhead, Polly Elwes and Robin Ray are the panellists in this 1974 edition (r).
- 8.30** *Gardeners' World*. Visits a garden in Achnashellach.
- 9.00** *The Hitch-Hiker's Guide to the Galaxy*. Arthur Dent and Ford Prefect head for the sun (r).
- 9.35** *World of Sport*. The fourth of the preliminary rounds features a local mace-sporting event from South Wales.
- 10.15** *Royal Ascot*. Race highlights.
- 10.35** *Weather* with Peter Snow.
- 11.20** *Weather*.
- 11.25** *Crickets*. Second Test. Richie Benaud introduces highlights of today's play from London.
- 11.55** *Film*. *Decalogue* (1979). Thriller starring Lawrence Tierney as a psychiatrist who becomes involved with his sister-in-law. Directed by Robert Wisk. Ends at 1.30.

## ITV/LONDON

- 6.15** *TV-am* presented by Caroline Righton and Richard Keys. News at 6.30 and 7.00; weather at 6.35 and 6.55; financial news at 6.55; exercise at 6.55.
- 7.00** *Good Morning Britain*. News and weather. **7.25** *TV Highlights*. News and weather. **7.55** *TV Highlights*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00** *News*. News and weather. **11.30** *News*. News and weather. **12.00** *News*. News and weather. **12.30** *News*. News and weather. **1.00** *News*. News and weather. **1.30** *News*. News and weather. **2.00** *News*. News and weather. **2.30** *News*. News and weather. **3.00** *News*. News and weather. **3.30** *News*. News and weather. **4.00** *News*. News and weather. **4.30** *News*. News and weather. **5.00** *News*. News and weather. **5.30** *News*. News and weather. **6.00** *News*. News and weather. **6.30** *News*. News and weather. **7.00** *News*. News and weather. **7.30** *News*. News and weather. **8.00** *News*. News and weather. **8.30** *News*. News and weather. **9.00** *News*. News and weather. **9.30** *News*. News and weather. **10.00** *News*. News and weather. **10.30** *News*. News and weather. **11.00**







ger warm  
n defence  
actionism

PART 2

FRIDAY JUNE 19 1987

THE



TIMES

BUSINESS AND FINANCE 25-31

SPORT 44-48

Executive Editor  
Kenneth Fleet

STOCK MARKET

FT 30 Share

1783.1 (-18.6)

FT-SE 100

2293.2 (-27.2)

Bargains

49867 (52863)

USM (Datastream)

191.64 (+0.39)

THE POUND

US dollar

1.8275 (-0.0065)

W German mark

2.9677 (-0.0135)

Trade-weighted

72.7 (-0.3)

# Jobless drops to below 3m

## Four-year low is boost for Fowler

By David Smith, Economics Correspondent

Unemployment fell decisively below three million last month, amid growing signs of buoyancy for the economy.

The total number unemployed and claiming benefit, including school leavers, fell by 120,675 last month to 2,986,453, or 10.8 per cent of the work-force.

This was the first drop below the key three million level since June 1983, and was a big bonus for the new Secretary of State for Employment, Mr Norman Fowler.

Although a drop below three million for the more representative seasonally adjusted adult total had been expected — it fell by 64,300 to 2,953,800 — the fact that both measures achieved this breakthrough in the same month was a surprise.

"These falls in unemployment have taken place against the background of a buoyant economy," Mr Fowler said. "This has allowed us to make much progress in the past year. But we still have a long way to go. Our aim will continue to be to help those out of a job back to work."

A number of records were created with yesterday's figures. The 64,300 fall in the seasonally adjusted total, the 11th in a row, was the biggest monthly drop since records were first kept on the current basis in 1948.

Similarly, there was a fall of

284,439 over the past 12 months in all unemployment, and a decline of 246,800 in adult unemployment. Both were the largest falls in terms of numbers, although not as a percentage of those out of work, since 1948.

Vacancies, not including the Community Programme, rose by 24,000 to 239,500 last month, the highest since the figures were first measured, using the present method in 1980.

The fall in unemployment results from three factors. The first is the undoubted buoyancy of the economy. Manufacturing output in April rose by 0.6 per cent to its highest level since January 1980, it was announced yesterday.

In the latest three months, manufacturing industry was producing 4.5 per cent more than a year earlier. And construction activity, which mops up unemployed workers quickly, was very strong in the first quarter, with output up by 5 per cent compared with the final three months of last year.

The second element is the Government's special employment and training measures. These have helped cut recorded unemployment in two groups in particular — young people and the long-term unemployed.

In the latest 12 months there was a rise of more than

30,000 covered by special measures, including the Community Programme. These helped towards a fall of 61,000 in the number of people unemployed for more than a year.

Places on the Youth Training Scheme rose by 65,000, and contributed to a continuing fall in youth unemployment.

The third factor was the programme of Restart interviews, and the tougher availability for work tests being applied at benefit offices. As a result of these, a large, but unquantifiable, number of people have "melted away."

A total of 1.37 million people have been interviewed under Restart, out of 1.73 million contacted. Of those interviewed, 90 per cent have been offered assistance, and 80 per cent have taken up offers.

Underlying growth of average earnings edged up to 7.75 per cent in April, from 7.5 per cent in May, because of increased overtime earnings and the strength of pay in services.

Earnings in manufacturing were up by 8 per cent. But, because of strong productivity growth in manufacturing, up by 6.7 per cent on a year earlier, the growth in three months, the growth in wages and salaries per unit of output was only 0.9 per cent compared with a year earlier.

## OECD says world economic situation is deteriorating

By Rodney Lord, Economics Editor

In one of its gloomiest assessments to some time, the Paris-based Organization for Economic Co-operation and Development says in its half-yearly *Economic Outlook* today that the world economic situation is deteriorating.

It urges governments to act swiftly to implement the fiscal and other changes to which they have pledged themselves.

Britain is likely to enjoy a higher growth rate this year than most other countries with unemployment continuing to fall. But next year the OECD forecasts lower growth with inflation above the OECD average and an increasing current account deficit.

Since its last set of forecasts last December the OECD has become more pessimistic about world prospects. It now expects output in the 24 member countries to grow this year by 2 1/4 per cent rather than 2 1/2 per cent and sees no improvement next year.

The boost to the industrialized countries which was expected from lower oil prices has been much smaller than predicted and has been further weakened by sharp movements in exchange rates.

On present policies employment will continue to grow at about 1 per cent a year which is just enough to stabilize unemployment at an average 8 1/4 per cent. Britain, the United States and Canada are likely to be exceptions with further falls expected.

The inflation outlook has worsened slightly with consumer prices rising at an annual rate of 4 per cent by the first half of next year compared with an expectation of 3 per cent in the last assessment. The recent firming of oil prices coupled with the fall in

the dollar is likely to push inflation in the US up to 4-4 1/2 per cent. Any further acceleration would need to be resisted by a rise — possibly sharp — in interest rates.

The fall in the dollar has been sufficient to prevent any further widening of the current account imbalance between the US and the two main surplus countries, Japan and West Germany. The OECD believes. But the Paris economists do not see any rapid improvement.

The US current account deficit is expected to fall next year from \$147 billion (£88.55 billion) to \$126 billion and the Japanese surplus to come down from \$95 billion to \$87 billion with the West German surplus down from \$37 billion to \$29 billion.

Comment.....27

To make faster progress towards reducing the trade imbalance and restoring confidence the OECD urges that countries should implement fully and swiftly the action agreed at the Louvre meeting in February and since. It singles out reduction of the US Budget deficit as the most important fiscal action required.

In pursuing a policy of stable exchange rates countries should take care to avoid any overall loosening of monetary conditions.

The OECD has raised its forecast of growth in the British economy this year from 2 1/4 per cent to 3 1/4 per cent — slightly higher than the Government's Budget forecast. But next year it expects growth to slow to 2 1/4 per cent and consumer inflation to rise slightly to 4 1/4 per cent.

## Lending by banks up £2.7bn

Bank lending rose sharply last month, Bank of England figures released yesterday showed.

The figures, taken in conjunction with other signs of buoyancy in the economy, were seen by City analysts as a sign that there would be no early reduction in base rates.

Sterling lending rose by £2.7 billion last month, only slightly up on the £2.6 billion average recorded over the previous six months but well above April's £1.5 billion increase.

Detailed statistics from the Committee of London and Scottish Clearing Bankers suggested that lending by their members rose by a strong £3.5 billion last month.

The buoyancy of bank lending, together with a £2.9 billion boost to broad money as a result of Bank of England intervention to hold down sterling, produced a 2.1 per cent rise in the M3 (formerly sterling M3) measure of money last month.

The money supply, on this measure, was 18.9 per cent up on a year ago.

Two other measures of broad money, M4 and M5, showed increases of 13.7 and 13.4 per cent respectively on a year earlier.

The £2.9 billion intervention boost to broad money indicated that there were very few net purchases of government stocks by foreign institutions last month.

The failure to "sterilize" the intervention left the Bank of England under-funded by more than £5 billion for the first two months of the financial year.

Narrow money, M0, which is targeted within a 2 per cent to 6 per cent range by the Government, rose by 0.5 per cent last month.

## Profit-sharing payout waived because of strike



Sir Geoffrey: 'we are not able to differentiate between staff'

## BT tops £2bn as staff lose out

By Joe Joseph

A controversial decision by British Telecom to waive profit-sharing payouts to about 200,000 staff because of industrial action taken in January helped nudge BT's profits above £2 billion last year.

Sir George Jefferson, the chairman, said: "The results we are reporting represent a very satisfactory outcome for a year in which competition increased on all fronts, prices to all our customers were reduced and in which we faced a major strike." The profits closely matched the City's expectations.

The two-and-a-half weeks of industrial action by workers — mostly engineers — dislocated repairs and services to customers. But Sir George said the overall effect on profits was negligible as lower revenues were roughly matched by lower staff and operating costs. He added: "Trading in the first months of this year looks satisfactory."

Helped by buoyant activity in the City, where Big Bang sparked what Sir George termed "a quite explosive demand" for new lines last year, BT's pretax profits climbed 11.7 per cent to £2.06 billion in the year to March 31 on turnover up 12.4 per cent to £9.42 billion. The volume of calls rose 7 per cent domestically and 11 per cent on international traffic.

"Overall we have emerged from this year with a very strong balance sheet," Sir George said. "Our continuing financial success enabled us to spend nearly £5 million a day on modernizing and expanding our system... £500 million was spent on new digital exchanges alone, while the progress with installing optical fibre has been equally striking."

Shareholders will receive a final dividend of 5.1p, making 8.45p for the year. The shares dipped 15 1/2p to 299 1/2p yesterday.

Defending the board's decision not to activate the profit-sharing scheme this year, Sir George said: "We felt that with something over half of our staff taking industrial action, customers would not have understood if we had made a profit-sharing distribution this year."

Last year BT set aside £18 million for profit-related payments to staff who received shares worth between £80 and £180 under the scheme.

Sir George said he realized the decision penalized many employees who did not take industrial action, but explained: "We are not able, under the requirements of the

Tempus 26

Inland Revenue, to differentiate between staff in the application of the profit-sharing scheme."

Executives will continue to receive profit-related bonuses. Mr John Golding, head of the National Communications Union, dubbed the decision "petty-minded, vindictive and short-sighted."

But Mr Iain Vallance, BT's chief executive, said: "The unions weren't in favour of the scheme in the first place, so if they object to the waiver it would be a hypocritical position to take."

Sir George said BT shed 4,800 jobs last year in its core business through natural wastage and voluntary redundancies. He predicted a further drop of about 5,000 in the coming year as modernization progressed.

## Caradon to go public with £100m price-tag

Caradon, the building products group born out of a £61 million buyout from Reed International in 1985, is going public next week.

The flotation, through SG Warburg and Cazenove, values the group at about £100 million.

Mr Peter Jansen, the managing director and chief executive, said yesterday that going public now was in line with the strategy foreseen at the time of the buyout.

The proceeds of flotation would give the group a low gearing, he said, its cash generation — £19 million since

buyout — was also strong, thanks to the building boom and rigorous internal restructuring.

The group, whose top brands — Twyford's bathroom and sanitary ware, Mira showers, Terrain plastic pipes and Caluform plastic timber — are among the market leaders, mainly serves the repair, maintenance and improvement sector. It also has one of the largest plastic trade moulding operations in Britain.

The full prospectus will be published in *The Times* on Monday.

## British Sugar 'not for sale' by Berisford

Mr Henry Lewis, the new deputy chairman of S&W Berisford, insisted yesterday that the company's British Sugar offshoot was "not for sale." He stressed that British Sugar had a vital role to play as one of the group's four core activities.

Speculation on the future of both British Sugar and Berisford itself has increased since Mr Garry Weston's Associated British Foods acquired a 23.7 per cent stake in Berisford from Ferruzzi, the Italian group, last month. Both Ferruzzi and Tate & Lyle, which still has a 14.9 per cent stake in Berisford, had seen bids for BS blocked by the Monopolies Commission earlier in the year.

Berisford's half-yearly figures showed an increase in pretax profits from £40.3 million to £42.7 million, when most analysts had expected a setback. The interim dividend is lifted from 3.5p to 4p.

Tempus, page 26

## Dairy Farm seeks 25% of independent food group

## Shopping for Kwik Save shares

By Our City Staff

One of Britain's dwindling band of independent food retailing chains could fall into Hong Kong hands after Dairy Farm International announced yesterday that it is making a tender offer at 450p a share for a 25 per cent stake in Kwik Save, the discount food group.

The offer by Dairy Farm, which is mainly involved in food retailing in Hong Kong and Australia, values Kwik Save at £680 million and helped to lift its shares 36p to 426p by last night.

Kwik Save's board, surprised by the approach, is meeting its financial advisers

on Monday to evaluate the offer and chart its response. Meanwhile it has told shareholders to do nothing.

Dairy Farm says it has its eyes on a substantial, long-term investment in Kwik Save, one of a few independent retailing chains left in Britain now that Tesco has taken control of Yorkshire-based Hillards.

Dairy Farm has a 3.47 per cent stake in Kwik Save and says it will not make a full bid for at least a year, unless Kwik Save's board recommends such an approach or if a third party enters the bidding.

Kwik Save has been delight-

ing the City with a string of glossy profits results. In April it reported a 17 per cent jump in pretax profits to £21.8 million from its nearly 700 stores and freezer centres for the first half of the year. Forecasts for the full year are for profits of about £47 million.

From its headquarters in North Wales, the company has opened shops all over England and Wales, exploiting its successful formula of selling branded goods at low prices in medium-sized outlets. The group had pencilled in about £30 million to increase its selling space this year.

Full details of the tender offer will be published in a formal advertisement in Monday's national press. The offer will close on June 30 and will be void if Dairy Farm fails to secure 17.45 million shares, or 11.53 per cent of the company.

Jardine Strategic Holdings owns about 35.3 per cent of Dairy Farm's issued capital and has agreed to subscribe for additional shares which will lift its stake to 39.75 per cent.

Dairy Farm last year brought in pretax profits of £33 million on turnover of about £800 million, with around one-third of sales coming from Hong Kong and the rest from Australia.

# SCAPA

●● We seized the opportunities to grow by acquisition and simultaneously continued our planned growth and development ●●

R W GODDALL Chairman

|                    |        |    |       |
|--------------------|--------|----|-------|
| TURNOVER           | £230M  | UP | 13-6% |
| PRE-TAX PROFITS    | £34.3M | UP | 10-8% |
| EARNINGS PER SHARE | 22-2p  | UP | 9-9%  |
| DIVIDEND PER SHARE | 6-81p  | UP | 12-5% |

Copies of the report and accounts are available upon application to the Company Secretary, Scapa Group plc, Oakfield House, 52 Preston New Road, Blackburn, Lancashire BB2 6AH after 14 July 1987.

## SCAPA GROUP PLC

| CURRENCIES                           |                   |
|--------------------------------------|-------------------|
| London:                              | New York:         |
| £ \$1.8275                           | £ \$1.8280        |
| DM 2.9677                            | DM 2.9675         |
| Swf 2.4681                           | Swf 2.4680        |
| FFr 9.164                            | FFr 9.163         |
| Yen 335.34                           | Yen 335.33        |
| Index 102.0                          | Index 102.0       |
| ECU 0.696772                         | SDR 0.784690      |
| GOLD                                 |                   |
| London Fixing:                       |                   |
| AM \$451.10 pm \$452.20              |                   |
| Close \$451.00-451.50                | (\$277.00-277.50) |
| New York:                            |                   |
| Comex \$451.20-451.70                |                   |
| NORTH SEA OIL                        |                   |
| Brent (July) pm \$18.90bbl (\$18.90) |                   |
| * Denotes latest trading price       |                   |
| Box Summary:                         | 28-29             |
| Stock Market:                        | 28-29             |
| Tempus:                              | 28-29             |
| Comment:                             | 28-29             |
| City News:                           | 28-29             |
| London:                              | 28-29             |
| Wall Street:                         | 28-29             |



## BUSINESS SUMMARY

## Garfunkels accepts £100m Belhaven bid

The £100 million bid for Garfunkels Restaurants from Belhaven Brewery — run by Mr Raymond Miguel, former Arthur Bell & Sons chairman — was made unconditional yesterday. It received acceptance from holders of 98 per cent of the ordinary shares, with about half coming from those who preferred Belhaven paper to the cash alternative.

Mr Miguel, who bought control of the Dunbar brewery in September, plans to build it into a leading leisure-based group. He will be joined on the board by Mr Phillip Kaye, chief executive of Garfunkels, who with his brother, Reggie, started the company, floated on the Unlisted Securities Market in 1982. It has about 80 restaurants, with Deep Pan Pizzas and Biguns Ribs also part of the chain. The deal was a reverse takeover as Garfunkels is bigger than Belhaven.

## Brewer ahead to £7.3m

Mansfield Brewery, the regional brewer and soft drinks producer, yesterday announced only a slight increase in pretax profits — up by 4.6 per cent to £7.3 million for the 53 weeks to April 3. The company has taken £4.7 million of profits below the line. This relates to the disposal of surplus properties. The total dividend is going up from 8.25p to 9p.

## Amercoeur to market

The Third Market will acquire its 14th member on Tuesday when share dealings start in Amercoeur Energy, a West Glamorgan anthracite miner. The company is raising £2.5 million through the placing of 4.25 million new shares priced at 65p each. Amercoeur, sponsored by Gilbert Elliot & Company, the broker, will have a market capitalization of £7.3 million.

## Rural economy boost

The Development Commission for Rural England yesterday launched a £2 million experimental grants scheme to boost business and jobs in the countryside. The aim is to generate at least a further £5 million private-sector investment for business developments, specially in tourism and leisure.

Assistance for Co-ordinated Rural Development will meet up to 40 per cent of the setting-up costs of projects such as conference centres, yachting marinas and theme parks. The commission has a number of existing schemes to improve the rural economy and invested £15 million last year in building workshops, mostly for small businesses. Much of the investment is handled by the commission's subsidiary, the Council for Small Industries in Rural Areas.

## Horne Group up to £6.2m

Robert Horne Group, the paper merchant and adhesives and industrial fasteners group, announced pretax profits of £6.2 million (£4.5 million) for the six months to March 31. An interim dividend of 2p (1.5p) is being paid. The company is negotiating a £4 million acquisition. Sir Kenneth Berill, chairman, (right) said the target was a private company in the distribution area.



## STOCK MARKET

## Shares drift lower as most investors move to sidelines

By Michael Clark and Geoffrey Foster

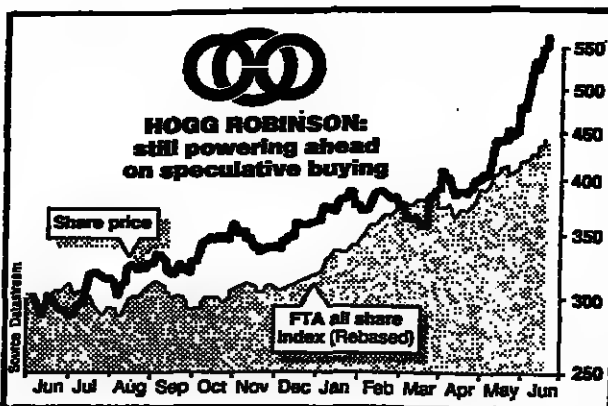
The distractions of Royal Ascot and the start of the Second Test against Pakistan at Lords proved too much of a distraction for most investors yesterday.

The high level of absenteeism meant that share prices were left to their own devices, drifting throughout most of the day on lack of interest. The full-year figures from British Telecom were judged adequate but unexciting and the growing prospect of a rights issue from Midland Bank continued to act as a dampener. This provided market-makers with another reason to nudge the market lower following its record-breaking run on the back of last week's Conservative election victory. It also prompted a certain amount of profit-taking by investors now sitting on some big gains. But the selling pressure was light and prices managed to close away above their worst levels of the day, helped by the appearance of a few, cheap buyers after hours.

The thin and volatile conditions were clearly reflected in the FT index of 30 shares which finished 18.6 points down at 1,783.1, having been almost 30 points lower earlier in the session. The FT-SE 100 was also put through its paces, tumbling by more than 40 points at one stage, before closing 27.2 lower at 2,293.2.

Dealers claimed that the basic undercurrent remained firm and there was no need for panic. Some reaction was inevitable after such a strong run. One leading broker commented: "The Japanese have not been rushing to buy stock after the election, so there is no need for us to do so."

But the latest bank lending figures made disappointing reading, leading to renewed fears about inflation. This took its toll on the pound and also left government securities lower at the close. Falls at the



longer end of the market stretched to £1.

Leaders were marked lower along with the rest of the market. Allied-Lyons fell by 10p to 430p and ICI by 9p to £14.44. Unilever also lost 55p to £32.53 on fears that it may decide to launch a bid for Gillette, the US group. Its rival, Revlon, has already expressed an interest in making an offer for the razor blade manufacturer.

Geest, Britain's biggest banana importer, slid 4p to 291p after Panmare Gordon, the broker, recommended clients to take profits. Panmare expects pretax profits to rise by at least 32 per cent to £12 million this year but feels the prospective p/e of 20 is high enough at present.

British Gas fell 5p to 184p in the wake of Wednesday's better-than-expected figures. Scrimgeour Vickers, the broker, sold about 10 million shares. The price closed above its worst, helped by the first-time appearance of Japanese buyers. A number of takeover favourites were up and running after hours, leading to renewed talk that another "mega-bid" may be on the way. Reed International, a firm by another 17p to 546p — making a two-day leap of 58p.

Hopes are high that Mr

Robert Maxwell, the publisher of the Daily Mirror, may turn his attention to Reed if his current offer for Harcourt Brace Janovich, the American publisher, fails. Earlier this week, BPC, his publicly-quoted vehicle announced a £630 million rights issue.

ASDA-MFI was another strong mover in late trading, climbing 7p to a new high of 193p as 6.3 million shares changed hands. Market stories still range from the sale of MFI to a full bid for the company. Either way, dealers are convinced something is afoot. County NatWest was said to be chasing stock.

Woolworth fell 12p to 535p on talk of a downgrading of profits by Smith New Court, the broker.

Hogg Robinson, the Lloyd's broker, jumped by 11p more to 560p as talk continued to do the rounds that the sale of its insurance interests to Fenchurch Insurance, part of Guinness Peat, is imminent.

Speculation in the shares has been rife of late that a £90 million deal with Fenchurch was on, but some dealers have also suggested that a full bid from the Trustee Savings Bank was more likely.

Mr Chris Fountain, an analyst at Wood Mackenzie, the broker, feels that the current high level of the shares really only points to a full bid being made for the company. But he

is sceptical as to whether anyone would be prepared to pay nearly £6 per share.

An article in *The New England Journal of Medicine*, suggesting that ulcers can be treated more effectively in the long term with antibiotics, brought an abrupt halt to the recent meteoric rise of Glaxo, the pharmaceutical group. Fears that sales of its best-selling anti-ulcer treatment drug, Zantac, could be hit induced fairly heavy selling.

The shares, which have surged ahead to within a whisker of £18, after their recent debut on the New York and Tokyo stock exchanges and on analysts' forecasts that they could rise to £18 or even £20 in the event of a Conservative election victory, retreated sharply to 1,709p at one time before rallying, to finish 56p lower at 1,728p.

Mr Ian Rugheimer, an analyst at Robert Fleming Securities, the broker, seemed to think that the collapse in the share price was somewhat justified. He stated that the-

Owners Abroad rose 8p to 142p yesterday with the market still talking about a consortium bid of 175p any day. But any such move is likely to be resisted by Mr Harry Goodman's International Leisure which recently bought a 9.2 per cent stake. A consortium cannot be ruled out.

applied for ulcers was moving away from Zantac and Tegamet to a wide spectrum of antibiotics, the main producers of which are Beecham of Britain and Bayer of West Germany.

Shares of Electromechanics, the electronic component distributor, moved forward by 4p to 494p with the help of a "buy" circular from County NatWest, the broker.

Mr Barry Gibb, an analyst, has raised his forecast for the company by £1 million to £47.5 million for 1987-88 and by £2 million to £55 million for 1988-89. He says the shares look too cheap relative to both the market and the sub-sector of component distributors.

Shares of Pearson, the conglomerate publishing interests of which include *The Financial Times*, advanced by 13p to 665p, amid suggestions that Bracken House, the FT's headquarters, which overlooks St Paul's Cathedral, had been sold for £100 million to a Japanese property company. The company is moving its printing operations to London's Docklands early next year and it has long been reported that the paper's editorial staff will be found other accommodation.

Takeover speculation in the shares was cooled considerably last month when an "unfriendly" shareholder, Hutchison Whampoa, sold £63 million-worth of its shares (4.9 per cent) in Pearson to Mr Carlo De Benedetti, the Italian businessman who chairs Olivetti.

## BASE LENDING RATES

|                        |       |
|------------------------|-------|
| ABN                    | 9.50% |
| Adam & Company         | 9.00% |
| BCCI                   | 9.00% |
| Consolidated Credit    | 9.00% |
| Co-operative Bank      | 9.00% |
| C. Hoare & Co          | 9.00% |
| Hong Kong & Shanghai   | 9.00% |
| Lloyds Bank            | 9.00% |
| Nat Westminster        | 9.00% |
| Royal Bank of Scotland | 9.00% |
| TSB                    | 9.00% |
| Citibank NA            | 9.00% |

## Telecom needs to be fitter still

After the near-vertical climb by shares of British Telecom in the run-up to the election, there would have had to be something pretty stunning in the full-year figures announced yesterday to maintain the momentum on a bad day for the stock market.

There was not — at least as far as the profits were concerned, although the decision to cancel the bonus of the whole work-force in retaliation for the strike of the National Communications Union in the last quarter showed an unexpected glint of steel among senior management.

Docking the share bonus saved BT £18 million, so the full-year profits of £2,067 million reflected the middle range of expectations.

The effect of the strike on BT's last quarter is hard to estimate. The company maintains that gains from saved wages more or less cancelled out lost sales and installations.

The firm line on bonuses should encourage investors who are aware that the company has to shed many more workers yet, if it is to improve efficiency and match increasing competition. The company shed 4,800 workers last year, and another 5,000 will go in the current year.

The 7 per cent increase in inland calls and 11 per cent rise in international business handled by an already falling workforce shows that BT's management is coming to grips with productivity. The ratios will improve as the old Strowger analogue exchanges are phased out in favour of more efficient digital units, now being installed at the rate of one a day.

So close to predictions were BT's results that some analysts were not even bothering to change their current year's forecast from the £2.3 billion already in the spreadsheet. That would mean earnings of around 23.6p, and a prospective p/e ratio of 12.8. That is cheap by sector standards, but BT is hardly going to crackle along at the pace of some of its smaller contemporaries. The shares could already have started to reflect the next Government sale, even though that cannot be before April next year. Yesterday's fall of 14.5p to 300.5p must also have reflected profit-taking following this year's

Johnson Matthey, as a share and as a company, goes down as the recovery of the decade. It nearly went to the wall in March 1985 as its banking arm collapsed and the share price slumped to 65p. The group was wrapped in a financial and management bandage and had to be nursed back to health.

The bandages were off yesterday and the new-look JM was revealed — to the delight of the market, which marked the shares 14p higher at 377p.

JM turned in a record pretax profit of £50.5 million for a 68 per cent advance over the previous year and declared dividends totalling 5.5p a share (2.5p). It boasted a healthy cash position and strong balance sheet and declared itself fighting fit, not only to continue to grow but to take on acquisitions as well.

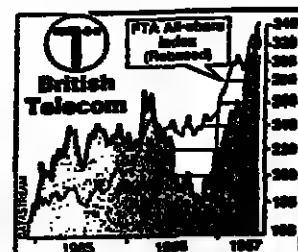
The organization's entrenched position in the world of platinum group

metals will continue to rub off to its advantage. And from being in the humble position of having to knock on the bankers' doors not so long ago, bankers are now calling on JM.

It is clear there is further growth to be obtained from rationalizations, put into force since the new management. Acquisitions within its core fields must be expected once JM is seen to be really back in its stride.

JM's share — on likely current-year profits of £65 million, to offer a price-earnings ratio of 14.5 — still has some steam left in it. The rating is hardly demanding, viewed either as a precious metal share or a high-technology issue.

The real fascination, however, lies in the Charter connection, which offered the original financial bandages and now sits with a 35 per cent stake. Do not be shy of either.



acceleration. BT remains a hold — or a buy for those who think long term.

## S&amp;W Berisford

Months may pass before Tate & Lyle hears whether the Common Market authorities are prepared to improve cane sugar margins and until it does, it is likely to hang on to its 14.9 per cent stake in S & W Berisford, owner of British Sugar.

Mr Gary Weston's Associated British Foods, however, has a 23.7 per cent stake and Berisford, understandably, feels somewhat concerned. But its long spell in the takeover spotlight has taught it some valuable lessons — most importantly, that if it is to succumb to a bid, it will be on the highest possible terms.

Yesterday's interim figures were thus accompanied by the kind of slick slide-show presentation that would have been the envy of the most fashionable high street chains. Computer graphics and invitations to view the operations — come from a board which two years ago was reluctant to answer the phone on the prelude day.

The board itself has changed. Mr Henry Lewis, brought in from Marks and Spencer, is spearheading the publicity campaign and five of the 10 boardroom seats are filled by under-45s. Their emergence reflects substantial changes within the company.

Berisford, once a confusing, secretive, one-man show, has been transformed into a group with four clearly discernible core businesses and a real strategy for the future. Food will provide the anchor in profit terms, property and financial services will give some real growth and commodities the spice.

Half-time profits, at £42.7 million against £40.3 million, beat most forecasts. But whatever the estimates, this would be the wrong time to sell Berisford shares.

## JM fighting fit

Johnson Matthey, as a share and as a company, goes down as the recovery of the decade. It nearly went to the wall in March 1985 as its banking arm collapsed and the share price slumped to 65p. The group was wrapped in a financial and management bandage and had to be nursed back to health.

The bandages were off yesterday and the new-look JM was revealed — to the delight of the market, which marked the shares 14p higher at 377p.

JM turned in a record pretax profit of £50.5 million for a 68 per cent advance over the previous year and declared dividends totalling 5.5p a share (2.5p). It boasted a healthy cash position and strong balance sheet and declared itself fighting fit, not only to continue to grow but to take on acquisitions as well.

The organization's entrenched position in the world of platinum group

metals will continue to rub off to its advantage. And from being in the humble position of having to knock on the bankers' doors not so long ago, bankers are now calling on JM.

It is clear there is further growth to be obtained from rationalizations, put into force since the new management. Acquisitions within its core fields must be expected once JM is seen to be really back in its stride.

JM's share — on likely current-year profits of £65 million, to offer a price-earnings ratio of 14.5 — still has some steam left in it. The rating is hardly demanding, viewed either as a precious metal share or a high-technology issue.

The real fascination, however, lies in the Charter connection, which offered the original financial bandages and now sits with a 35 per cent stake. Do not be shy of either.

## MANY HAPPY RETURNS FOR OUR SHAREHOLDERS.

## PRELIMINARY RESULTS 1987

|                    |          |          |
|--------------------|----------|----------|
| Dividends          | £1692.4m | up 15%   |
| Pre-tax profit     | £1574m   | up 26%   |
| Earnings per share | 12.9p    | up 16%   |
| Dividend           | 9p       | up 12.5% |

\* After adjustment for the disposal of the company's interest in the Channel Tunnel.

Once again, we've demonstrated our commitment to increasing returns for our shareholders, with earnings per share up 16% and total dividends up 12.5% for the fifth year.

With more acquisitions and value in the company without diluting earnings.

All of them dovetailing with our existing core business and improving our long-term potential.

## AND TO THE CABINET TOWEL

While we're on the topic of good investments, we couldn't let you miss the 50th birthday of the Cabinet Towel, introduced to the world by the first Prime Minister, Mr. Pitt Rivers.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

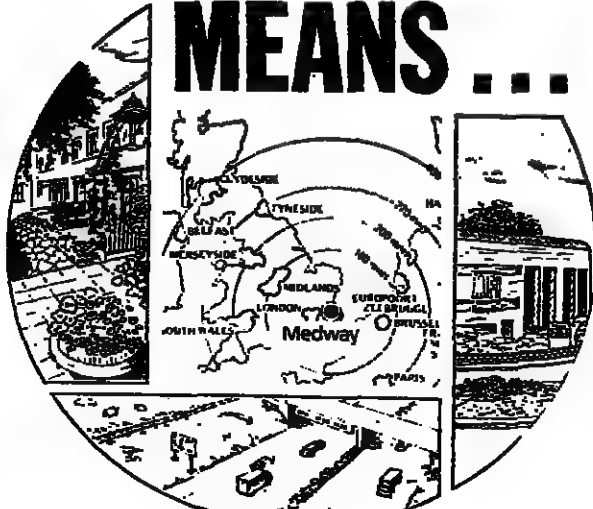
It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

It's the only towel in the world that's been used by every Prime Minister since 1801.

**BET**  
YOU NEED NEVER NOTICE US.

## MEDWAY MEANS...



STROOD • ROCHESTER  
CHATHAM • GILLINGHAM

Enterprise Zone benefits available now on six prime sites with nil rates until November 1993 and 100% tax allowances on Capital developments, including new Enterprise Zone on 60 acres of the old Naval Dockyard, designated in October 1986.

## the place to live and work

Contact us now for more details and join in our success story.

MEDWAY DEVELOPMENT OFFICE, DEPT. TT, CIVIC CENTRE, STROOD, ROCHESTER, KENT ME2 4AW. TELEPHONE: MEDWAY (0634) 732716.

\* An excellent location for London, whole of UK and Europe via motorways (M2, M20, M25), rail, local and international air and sea ports, with Channel Tunnel facilities from the mid 1990's.

\* A proposed third river Medway crossing.

\* Lower rates, higher investment potential, attractive land and property prices and rentals.

\* An existing thriving business community with a young, skilled and keen workforce and excellent labour relations throughout the area.

\* An historic setting, beautiful countryside, extensive leisure facilities including sailing, golf and many others.

Story time



## 150 jobs at KCA in N Sea overhaul

By David Young  
Energy Correspondent

Oil drilling contracts placed by the Shell-Eso group will create up to 150 jobs in the North Sea.

KCA Drilling, Britain's main drilling contractor in the oil industry, will provide the management and labour for overhaul work on existing producing wells on the Shell Cormorant A oil platform during the next four years.

Drilling on the Tern and Eider platforms will start early next year.

KCA will then have 600 experienced workers operating in fields in the North Sea, Libya, Pakistan and Turkey.

Mr Mike McDowell, KCA's drilling managing director said yesterday, "Our success in winning this contract means that our personnel will soon be undertaking drilling and workover operations on up to 12 offshore platforms in the UK offshore sector."

Another British company, the recently formed joint venture between Taylor Woodrow Offshore and Kellogg Offshore, has won a contract to study the feasibility of bringing the gas field discovered by Ranger Oil in blocks 48/18b and 48/19b into production.

## Fear of Aids virus lifts LIG profits by 13% to £27.1m

By Lawrence Lever

The Aids virus has swelled full-year profits from London International Group, the world's largest producer of branded condoms. A 13 per cent increase in pretax profits is likely to be followed by "a particularly good year" for the company, Mr Alan Woltz, chairman and chief executive, said yesterday.

Profits for the group as a whole were £27.1 million before tax (£24.1 million) for the year ended March 31. Turnover was £252 million — a 12 per cent increase on last year's £225 million.

The one blight on the figures was a sharply reduced profit contribution from the group's Royal Worcester Spode business. Operating profits for the division were £1.5 million in 1987, less than half the previous year's £3.6 million.

The company blames "poor trading conditions experienced by the fine china industry last summer in the United Kingdom, due to the decline in numbers of tourists in the aftermath of the Libyan crisis."

The company has also taken the effects of its unsuccessful takeover bid for Wedgwood below the line, resulting in an



Alan Woltz, LIG chairman, expects 'particularly good year' for the year (4.6p).

On the Aids effect, Mr Woltz said that "Aids-related sales of our condom brands and medical gloves began to increase towards the end of the year."

"Consumer demand for condoms in North America, the United Kingdom and Europe is now growing rapidly and sales are accelerating sharply."

## Chloride soars to £17m on cost cuts

By John Bell  
City Editor

Sir Michael Edwards, chairman of Chloride, the battery manufacturer, cut costs savagely last year, boosting profits from £500,000 to £17 million on unchanged revenues.

He told shareholders that the board concentrated on efficiency and cost reduction rather than growth and that the targets set for the year were met in all important respects. There were satisfactory improvements in both profits and cash flow, he said.

The new management team would concentrate on further improvements in efficiency and costs but would now seek profitable growth from the base established. Sir Michael said. Though most overseas subsidiaries increased profits, the British automotive and plastics businesses remained a problem.

Sir Michael revealed a plan to deal with the arrears of preference dividends which prevent the payment of a dividend to ordinary shareholders.

A dividend of 3.75p would be paid to the preference shareholders at the end of next month which would leave arrears of 32.99p a share. Cash payment of these dividends would seriously prejudice the group's ability to develop, Sir Michael said, and it would delay the resumption of ordinary dividends for an unacceptable time. To resolve the problem, proposals will be submitted for early conversion of the preference shares into ordinary shares.

The board is recommending that each preference share is converted into four ordinary shares with a scrip issue of shares worth 50p per preference share. Ordinary shareholders are to receive a dividend of 1.9p a share, subject to implementation of the preference share proposals.

## COMMENT Kenneth Fleet BA must ready itself to fly in open skies

Lord King's stirring words in praise of privatization at last night's Institute of Directors' lecture contained a coded but highly significant message to Britain's airline regulators. Fared to the bone, it said that before long British Airways' international expansion plans may come into head-on conflict with the Government's obligation to promote competition domestically. The newly-privatized British Airways is setting itself some ambitious long-term plans which look forward to the day when Europe bows to the inevitable and seriously undertakes a deregulation of its pampered, cosseted and overprotected airline business.

Naturally, BA wishes to have the industrial and financial muscle at that stage to figure in the inevitable bout of mergers and acquisitions which will follow. But, at its highest levels, British Airways fears that government regulators may inhibit that growth gratuitously through a parochial view of the airline business forced upon them by their obligations to protect some of the weaker brethren among our domestic carriers.

As Lord King noted, the Government regards competition in the context of the domestic market, but BA's business is almost 60 per cent earned outside Britain. In order to expand, BA needs to build its route network and, to take advantage of its listed status, to make acquisitions. At first these are likely to

be on a modest scale, but will inevitably lead on to greater things. There are strict limits to the extent that BA can continue to deliver the expansion that shareholders have a right to expect by searching for yet more efficiency and productivity gains.

As things stand, if BA wishes to fly a new international route, the Government has powers to exclude it in favour of another British airline. Worse still, as happened a couple of years back, the regulators may withdraw routes and hand them over to another British carrier. At present, this cloud on the horizon may not be much bigger than a man's hand. It would be as well to face it soon. For the restrictive way in which Europe's airlines operate cannot continue to defy the laws of market economics for ever.

Recent studies suggest that costs on international services inside Europe are about 65 per cent higher than on comparable services in the US — in fact, they are the highest in the world. The causes of this economic aberration appear to lie in inefficiency, promoted by a distinct lack of enthusiasm on the part of most European governments for free competition among their airlines. When the era of "open skies" policies eventually dawns, BA must be big enough, courtesy of our regulators, to hold its own with the giants, whatever conflicts this implies with the lesser airlines, notably BCal.

## 600 Group down £1m

By Joe Joseph

Sluggish orders for machine tools from Britain and the United States, coupled with the falling value of the dollar, cut more than £1 million off pretax profits at the 600 Group, which is in the midst of restructuring its business to concentrate on those areas which offer growth potential.

This restructuring has involved the sale or closure of several businesses, including a decision in April to pull out of the scrap metal business on which the company was

founded. It has also led to one significant acquisition, the purchase of Electrox, which manufactures laser generators.

Pretax profits fell to £5.03 million in the year to March 31 from £6.10 million. As a result of the various closures the company is taking an extraordinary loss of £4.92 million below the line, resulting in an attributable loss to shareholders of £1.43 million.

But there will be a final dividend of 3.435p making 5.775p for the year.

## RTZ tax appeal likely

By Our Energy Correspondent

The High Court decision announced yesterday to support a ruling by the Special Commissioners of Income Tax not to allow corporation tax relief for provisions made towards the eventual cost of decommissioning North Sea oil platforms may move to the House of Lords.

RTZ Oil and Gas, who had brought the case, said that it was disappointed by the judgment but is considering taking the issue further.

The Tax Commissioners

had denied relief to RTZ which operated a drilling rig in the Argyll field, and full provision for the tax involved has been made. RTZ said that the judgment does not affect its financial position.

The case was seen by the oil industry as a test case on whether it would decide on whether provisions made for decommissioning costs were tax deductible as capital spending or revenue which incurs taxation. Law report, page 32

## BankAmerica seeks \$350m

By Richard Thomson, Banking Correspondent

BankAmerica Corp, the troubled US banking group, yesterday sought to raise \$350 million (£214 million) in new capital from Japanese investors through the planned issue of subordinated notes and preferred stock.

Mr Frank Newman, the group's vice-chairman, held a meeting in Tokyo with more than 20 Japanese banks to outline capital-raising plans.

He also talked about the company's moves to concentrate more on its Califor-

nian base and withdraw from unprofitable areas such as energy-related business.

The fund-raising plan includes the issuing of \$250 million of 12-year subordinated capital notes and \$100 million in convertible preferred stock.

The money forms part of the \$1 billion shelf registration filed by BankAmerica with the US Securities and Exchange Commission last month, which is designed to increase its capital base.

The Japanese banks, which included city, trust and long-term banks, were unable to say whether they would be participating in the fund-raising exercise, because the meeting had been called at short notice and they had not yet had enough time to consider the proposal.

They expressed concern that new US banking regulations might require banks to deduct holdings of other banks' paper from their primary capital.

## Scapa moves up 10%

By Ray Heath

Scapa Group, the industrial textiles and engineering company, had to run faster last year to counteract the effects of an appreciating pound because less than 30 per cent of its operating profits is earned in Britain. The results for the year to end-March show it has succeeded.

Turnover, including the RFD companies acquired, was up from £202.257 million to £229.845 million — an increase of 13.6 per cent.

Pretax profits grew 10.8 per cent to £34.272 million and although the growth did not match that of turnover, it was

good enough to send the shares up 9p to 309p yesterday.

Businesses in the United States remained the largest profit earners, contributing £22.2 million to operating profit, followed by Britain with £10.7 million and the rest of the world on £5.6 million.

Earnings per share improved from 20.2p to 22.2p. A final dividend of 4.71p makes a total of 6.81p against 6.05p.

The company said the current year had started with good order books and it expected continued growth.

## Silver 'should struggle, then rise'

By Colin Narborough

The price of silver should not really be sustainable above \$6 an ounce on the basis of its poor fundamentals, Shearson Lehman Brothers, the broker, says in its annual silver review, published yesterday. But it recognizes that the reality is otherwise.

In the first half of this year silver has proved it can still

gleam like a precious metal. The London fixing yesterday was \$7.49.

The review, prepared by the company's London Metals Research Unit, says silver has enjoyed a re-rating this year, holding above \$8 per ounce for some time.

The new higher level is attributed to uncertainties over the dollar, inflation, and

whether the equity markets have peaked.

Increased buying for coins is identified as a key factor in sustaining demand for precious silver, as opposed to demand for industrial purposes.

Shearson believes silver may struggle to hold \$8 for much of the summer, before an improvement this autumn.

## Hill Samuel's Italian stake

Hill Samuel, the merchant bank, yesterday announced it is taking a 10 per cent shareholding in SOFPA Intermediazione SpA, an Italian trading and market making company. The move comes after the relaxation of Italian exchange controls and banking rules, and is described by Hill Samuel as a strategic step in its international development.

## Goodbye, Greenwell

The departure of three of the best known characters in Greenwell Montagu's corporate finance department — corporate finance chief David Thompson, his colleague Alan Bonner and bulldog trader par excellence Tom Quinn — was interpreted by many in the City as the final departure of the firm's old guard. The firm was quick to assure me that all was well and that they were leaving for their own, very independent, reasons. But now I'm told that the "new guard" is also getting itchy feet with head hunters said to be looking them over on behalf of rival firm Smith New Court. Among the rumours is one that the team led by Simon Greenwell, who heads the firm's international desk in New York and is a last link with the original family, has received a tempting offer. Will he, too, be leaving?

## Augars well

Among the mass of mammoth worshippers who now seem to inhabit the City of London, there are still some who see beyond the next commission payment. One such is Philip Augar, highly respected electronics analyst with Wood Mackenzie who has succumbed not to a higher offer for his services, but to the call to academe. He is shortly to become the bursar of St Catharine's College, Cambridge, explaining that there is more to life than money, however, essential a commodity it may be. The move should benefit the college, as Augar will be running its share portfolio.

Carol Leonard

## Not much Eastern promise

The powers that be at James Capel, the stockbroking arm of Far Eastern finance group Hong Kong and Shanghai Bank, refuse to confirm or deny that their London employees are feeling more than a little miffed at the size of this year's bonus. A figure of 30 per cent is being bandied round the City, but after my repeated attempts at confirmation from a partner of the firm, an agitated Alison Fenn in its personnel department, yesterday snapped: "We prefer not to talk about it," then slammed down the telephone. If the figure of 30 per cent is true, the firm has good cause to feel sensitive — it is significantly below the sums being paid to employees in rival firms. Given that the past 12 months have witnessed the biggest raging bull market ever, bonuses elsewhere in the City are said to be running at more than 100 per cent of basic salary. With the average basic salary for a rank-and-file stockbroker now, that high as £35,000 a year, that brings their gross earnings up to a minimum of £70,000. Provided, it would appear, you don't work for James Capel.

## Story time

Next time you are wandering down Wall Street, do not assume the young executive you spot with a Walkman you spot with a head is wasting his time listening to rock music. He could be a \$120-a-

## THE TIMES CITY DIARY

### The royals' Mr Clean

One man who knows beyond all doubt that the Princess of Wales wears her ball gowns more than once is Graham Stevens, aged 29, managing director of upmarket dry-cleaners Lilliman & Cox. Stevens, who also runs that other posh dry-cleaning firm, Jeeves of Belgravia, announced the sale of both businesses to Sketchley for £4.8 million yesterday. "Lilliman has done the dry-cleaning for the households of the Queen, the Queen

Mother and the Prince of Wales for more than 10 years, doing everything from ball gowns and uniforms to ordinary day wear — and they pay the going rate like anyone else," says Stevens, who will be staying on as managing director of both firms. The going rate can be £40 for a beaded gown. Jeeves even has one Wall Street banker who regularly sends parcels of a dozen stiff collars to be laundered the old-fashioned way.

year subscriber to a new service from the Macmillan publishing house providing cassette tapes of book sum-



"...the Brazilians would like to pay their loan interest by credit card"

# Johnson Matthey Highest pre-tax profits

Preliminary results for the year ended 31st March 1987

|                    |        |         |
|--------------------|--------|---------|
| OPERATING PROFIT   | £60.4m | UP 31%  |
| PROFIT BEFORE TAX  | £50.5m | UP 68%  |
| PROFIT AFTER TAX   | £36.0m | UP 67%  |
| EARNINGS PER SHARE | 25.2p  | UP 71%  |
| ORDINARY DIVIDEND  | 5.5p   | UP 120% |

## CATALYTIC SYSTEMS

Profit £15.5m, up 2%. Leading position in US autocatalysts maintained; good growth in Europe.

## MATERIALS TECHNOLOGY

Profit £17m, up 34%. Successful year for platinum industrial products, chemicals, electronic materials, rare earth products and biomedical compounds.

## PRECIOUS METALS

Profits £19.9m, up 58%. Good activity in platinum group metals and gold; increased demand for high purity refinery products; significant improvement in refining results.

## COLOURS AND PRINTING

Profit £8m, up 45%. Sales of ceramic colours and pigments up; good performance from ceramic transfer operations.

## FINANCE

Continued debt reduction despite higher metal prices. Interest down 38%.

## OUTLOOK

With restored financial health, focus will be on further development of group's expertise in advanced materials and precious metals technology, plus continued emphasis on quality improvement in all activities.

COPIES OF THE ANNUAL REPORT WILL BE AVAILABLE FROM 30TH JUNE 1987 ON REQUEST TO THE COMPANY SECRETARY, JOHNSON MATTHEY PLC, NEW GARDEN HOUSE, 78 MATTON GARDEN, LONDON EC1N 8JP. TELEPHONE: 01-430 8011



## WALL STREET

New York (Agencies) — Shares retreated in moderate, early trading yesterday as the dollar and bond markets drifted lower.

| July 16 | July 15 | July 14 | July 13 | July 12 | July 11 |
|---------|---------|---------|---------|---------|---------|
| AMR Co  | 59 1/2  | 59 1/2  | 59 1/2  | 59 1/2  | 59 1/2  |
| ASA     | 58 1/2  | 58 1/2  | 58 1/2  | 58 1/2  | 58 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |
| Alcoa   | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  | 43 1/2  |

**CITY SITE ESTATES:** Interim dividend 0.56p (4.7p) for the six months to March 31. With figures in £000: Rental income 805 (379). Pretax profit 342 (85). Earnings per share 2.83p (0.50p). Agreement has been reached for the purchase of Queensbridge Estates for £2.25 million, subject to downward adjustment.

**PROPERTY PARTNERSHIPS:** Total dividend 5p (6p) for the year to March 31. With figures in £000: Net rental income from investment properties 1,024 (927). House turnover 3,807 (3,213). Pretax profit 1,450 (1,130). Earnings per

share 19p (14.8p). One-for-one scrip issue proposed.

**SOUTHWEST RESOURCES:** No dividend for the year to March 31. With figures in £000: Turnover 6,497 (10,328). Net profit 923 (3,625). Tax nil (nil). Extraordinary dividend 0.1p as forecast. With figures in £000: Turnover 5,052 (nil). Pretax profit 260 (12). Earnings per share 1.31p (0.07p).

**SAVILLE GORDON:** J Saville Gordon Properties, the property investment division, has acquired Jason House, Horsforth, Leeds, a freehold investment property, for £1.11 million in cash.

**ELECTRON HOUSE:** The company has completed its purchase of Conway from

ment and associated services. The initial consideration is £1.25 million.

**HOUSE PROPERTY COMPANY OF LONDON:** Total dividend held at 9p for 1986. With figures in £000: Pretax profit 147 (42). Earnings per share 0.52p (4.22p).

**FEEDBACK:** Year to March 31. Total dividend 2.5p. With figures in £000: Turnover 8,647 (9,139). Pretax profit 507 (510). Earnings per share 3.58p (2.79p).

More company news is on page 29

## COMPANY NEWS

## RECENT ISSUES

| Rolls-Royce (85p)    | 124 |
|----------------------|-----|
| Sabre (100p)         | 100 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |
| Shaw & Carter (135p) | 235 |

## LONDON TRADED OPTIONS

| Series                | Call | Put | Series | Call | Put |
|-----------------------|------|-----|--------|------|-----|
| Allied Lyons (142)    | 390  | 48  | 75     | 10   | 15  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |
| British Airways (151) | 180  | 20  | 28     | 3    | 10  |

| Series         | Call | Put | Series | Call | Put |
|----------------|------|-----|--------|------|-----|
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |
| De Beers (140) | 1400 | 30  | 80     | 285  | 340 |

# Good results for everyone we answer to.



British Telecom is pleased to announce its financial results for the year ended March 31, 1987.

Profit before tax exceeded £2 billion for the first time; this continuing financial success enabled us to spend nearly £6 million a day on modernising and expanding our system, accelerating the process of catching up on a long period of under-investment as a public sector corporation.

We are continuing to invest at record levels this year, to the benefit of our investors, our customers and our staff.

We are working on huge projects, like the replacement of thousands of old, electro-mechanical telephone exchanges with new, faster, more reliable digital

## Financial Results for year ended 31 March 1987

|  | Fourth Quarter 1986/7 | Fourth Quarter 1985/6 | Full Year 1986/7 | Full Year 1985/6 |
|--|-----------------------|-----------------------|------------------|------------------|
| Turnover                                     | 2,415                 | 2,227                 | 9,424            | 8,387            |
| Operating profit                             | 629                   | 561                   | 2,349            | 2,118            |
| Profit before taxation                       | 555                   | 497                   | 2,067            | 1,851            |
| Profit attributable to ordinary shareholders | 341                   | 267                   | 1,267            | 1,027            |
| Earnings per ordinary share                  | 5.6p                  | 4.4p                  | 20.9p            | 17.1p            |
| Dividends per ordinary share (net)           |                       |                       | 8.45p            | 7.5p             |

\* Before employee profit sharing in 1985/86.

The accounts from which these figures are extracted have not yet been filed with the Registrar of Companies or reported on by the auditors.

A final dividend of 5.1 pence net per share will be proposed to the Annual General Meeting, making a total dividend of 8.45 pence net for the year. It will be paid on September 28 to those investors on the register on August 21, 1987.

The Annual General Meeting will take place on September 9, 1987 at the National Exhibition Centre, Birmingham, West Midlands. The Report and Accounts will contain information about this and other shareholder meetings and will be posted to investors from July 9, 1987.

ones, and much smaller but no less important projects, like providing talking telephone bills for blind and partially-sighted customers.

We are investing in high technology, like the communications satellites which orbit the earth, and also in more down-to-earth technologies, like new telephone boxes which are harder to vandalise.

Much remains to be done. The task we face in bringing our equipment up to date, at the same time as enhancing the range of our services and achieving good results for our investors, is immense. But it is matched by our determination to give our customers the services they need.

Because—whether you're a customer or an investor—it's you we answer to.

British  
**TELECOM**  
Investing for growth

## TRADITIONAL OPTIONS

First Dealings Last Dealings Last Dealings For Settlement  
Call options were taken out on 18/04/87. Underlying: Hampton Trust, Osborn, W.H. Morrison, Norfolk Cap., Rossmore, B.T. Amstar, Inoco, B.P. Estates & General Investments, M&P Trust, Brest Channel, Abaco, Sula, Electronic Rentals, Kabin, Raine, Eke & Goldstein, Brest Walker, Land Group, Wimpey, B&B, Diffusion, AMEC, Eagle Trust, The Rack, Ragle, Rolls-Royce, Boustead, Hyman, Polk, Berkeley & May Hill, Ryan Int., Mars House, Amalgamated Financial, Turf Corporation, Patis Central & Sheelwood, Abaco.

## LONDON FINANCIAL FUTURES

| Three Month Sterling | Open  | High  | Low   | Close | Set Vol |
|----------------------|-------|-------|-------|-------|---------|
| Sep 87               | 91.28 | 91.30 | 91.10 | 91.13 | 6586    |
| Dec 87               | 91.28 | 91.28 | 91.08 | 91.08 | 380     |
| Mar 88               | 91.27 | 91.27 | 91.03 | 91.02 | 110     |
| Jun 88               | 91.27 | 91.27 | 91.03 | 91.03 | 0       |
| Sep 88               | 91.27 | 91.27 | 91.03 | 91.03 | 0       |
| Dec 88               | 91.27 | 91.27 | 91.03 | 91.03 | 0       |
| Mar 89               | 91.27 | 91.27 | 91.03 | 91.03 | 0       |
| Jun 89               | 91.27 | 91.27 | 91.03 | 91.03 | 0       |

## LOANPLAN

can give you up to £15,000 from just one phone call

As a homeowner, you can unlock some of the unfulfilled value of your property, and raise the finance you need, with Loanplan.

Loanplan is a simple, highly cost effective, flexible way of borrowing for the things you want now, and it can be arranged from the privacy of your own home.

Loanplan gives you cash to spend on whatever you like: a new car, or improvements to your home, a new bathroom or kitchen. You can even pay off an existing loan or simply book the holiday of a lifetime.

What's more, with our Low-Start Plan, you can reduce your repayments by up to 50% for the first 12 months. And we can offer you accident, sickness, and redundancy cover, as well as free life cover.

You can telephone 01-900 0900 between 9.30 am - 9.00 pm for a fast decision.

No interview · No fuss · No formality

Please complete and send to Allied Irish Finance Co. Ltd., FREEPOST, NEWBURY, Berkshire RG4 6NR. NO STAMP NEEDED. Tel 01-900 0900.

Please send me full details and an Application form for LOAN PLAN.

Loan is a home loan secured against your home.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Telephone No. \_\_\_\_\_

Available only to residents of England, Scotland and Wales.

Loanplan

A member of the Allied Irish Finance Group

If you have any queries as an investor or if you are not a British Telecom shareholder but would like a copy of the 1987 Report and Accounts, please phone us on this LinkLine number, which enables you to call from anywhere in the UK for the price of a local call. LinkLine 0945 010707

British Telecommunications plc, 81 Newgate Street, London EC1A 7AD. Telephone 01-355 5000. For daily information on the British Telecom share price, call Shareline on: London 01-346 8023 Birmingham 021-246 8066 Edinburgh 031-447 0333 Glasgow 011-246 8080 Liverpool 0151-488 0707 Manchester 061-246 8080 Belfast 02322 8000 Bristol 02733 25544 Cardiff 0222 8037 Leeds 05322 8038







100

FINANCIAL TRUSTS[illegible]

| CATTLE TRUSTS |       |         |     | PORK TRUSTS |       |         |     |
|---------------|-------|---------|-----|-------------|-------|---------|-----|
| Symbol        | Grain | Yld     | P/E | Symbol      | Grain | Yld     | P/E |
| High          | Low   | Company |     | High        | Low   | Company |     |
| 129           | 74    | Swift   | 20  | 119         | 102   | Swift   | 20  |
| 130           | 75    | Swift   | 20  | 120         | 103   | Swift   | 20  |
| 131           | 76    | Swift   | 20  | 121         | 104   | Swift   | 20  |
| 132           | 77    | Swift   | 20  | 122         | 105   | Swift   | 20  |
| 133           | 78    | Swift   | 20  | 123         | 106   | Swift   | 20  |
| 134           | 79    | Swift   | 20  | 124         | 107   | Swift   | 20  |
| 135           | 80    | Swift   | 20  | 125         | 108   | Swift   | 20  |
| 136           | 81    | Swift   | 20  | 126         | 109   | Swift   | 20  |
| 137           | 82    | Swift   | 20  | 127         | 110   | Swift   | 20  |
| 138           | 83    | Swift   | 20  | 128         | 111   | Swift   | 20  |
| 139           | 84    | Swift   | 20  | 129         | 112   | Swift   | 20  |
| 140           | 85    | Swift   | 20  | 130         | 113   | Swift   | 20  |
| 141           | 86    | Swift   | 20  | 131         | 114   | Swift   | 20  |
| 142           | 87    | Swift   | 20  | 132         | 115   | Swift   | 20  |
| 143           | 88    | Swift   | 20  | 133         | 116   | Swift   | 20  |
| 144           | 89    | Swift   | 20  | 134         | 117   | Swift   | 20  |
| 145           | 90    | Swift   | 20  | 135         | 118   | Swift   | 20  |
| 146           | 91    | Swift   | 20  | 136         | 119   | Swift   | 20  |
| 147           | 92    | Swift   | 20  | 137         | 120   | Swift   | 20  |
| 148           | 93    | Swift   | 20  | 138         | 121   | Swift   | 20  |
| 149           | 94    | Swift   | 20  | 139         | 122   | Swift   | 20  |
| 150           | 95    | Swift   | 20  | 140         | 123   | Swift   | 20  |
| 151           | 96    | Swift   | 20  | 141         | 124   | Swift   | 20  |
| 152           | 97    | Swift   | 20  | 142         | 125   | Swift   | 20  |
| 153           | 98    | Swift   | 20  | 143         | 126   | Swift   | 20  |
| 154           | 99    | Swift   | 20  | 144         | 127   | Swift   | 20  |
| 155           | 100   | Swift   | 20  | 145         | 128   | Swift   | 20  |
| 156           | 101   | Swift   | 20  | 146         | 129   | Swift   | 20  |
| 157           | 102   | Swift   | 20  | 147         | 130   | Swift   | 20  |
| 158           | 103   | Swift   | 20  | 148         | 131   | Swift   | 20  |
| 159           | 104   | Swift   | 20  | 149         | 132   | Swift   | 20  |
| 160           | 105   | Swift   | 20  | 150         | 133   | Swift   | 20  |
| 161           | 106   | Swift   | 20  | 151         | 134   | Swift   | 20  |
| 162           | 107   | Swift   | 20  | 152         | 135   | Swift   | 20  |
| 163           | 108   | Swift   | 20  | 153         | 136   | Swift   | 20  |
| 164           | 109   | Swift   | 20  | 154         | 137   | Swift   | 20  |
| 165           | 110   | Swift   | 20  | 155         | 138   | Swift   | 20  |
| 166           | 111   | Swift   | 20  | 156         | 139   | Swift   | 20  |
| 167           | 112   | Swift   | 20  | 157         | 140   | Swift   | 20  |
| 168           | 113   | Swift   | 20  | 158         | 141   | Swift   | 20  |
| 169           | 114   | Swift   | 20  | 159         | 142   | Swift   | 20  |
| 170           | 115   | Swift   | 20  | 160         | 143   | Swift   | 20  |
| 171           | 116   | Swift   | 20  | 161         | 144   | Swift   | 20  |
| 172           | 117   | Swift   | 20  | 162         | 145   | Swift   | 20  |
| 173           | 118   | Swift   | 20  | 163         | 146   | Swift   | 20  |
| 174           | 119   | Swift   | 20  | 164         | 147   | Swift   | 20  |
| 175           | 120   | Swift   | 20  | 165         | 148   | Swift   | 20  |
| 176           | 121   | Swift   | 20  | 166         | 149   | Swift   | 20  |
| 177           | 122   | Swift   | 20  | 167         | 150   | Swift   | 20  |
| 178           | 123   | Swift   | 20  | 168         | 151   | Swift   | 20  |
| 179           | 124   | Swift   | 20  | 169         | 152   | Swift   | 20  |
| 180           | 125   | Swift   | 20  | 170         | 153   | Swift   | 20  |
| 181           | 126   | Swift   | 20  | 171         | 154   | Swift   | 20  |
| 182           | 127   | Swift   | 20  | 172         | 155   | Swift   | 20  |
| 183           | 128   | Swift   | 20  | 173         | 156   | Swift   | 20  |
| 184           | 129   | Swift   | 20  | 174         | 157   | Swift   | 20  |
| 185           | 130   | Swift   | 20  | 175         | 158   | Swift   | 20  |
| 186           | 131   | Swift   | 20  | 176         | 159   | Swift   | 20  |
| 187           | 132   | Swift   | 20  | 177         | 160   | Swift   | 20  |
| 188           | 133   | Swift   | 20  | 178         | 161   | Swift   | 20  |
| 189           | 134   | Swift   | 20  | 179         | 162   | Swift   | 20  |
| 190           | 135   | Swift   | 20  | 180         | 163   | Swift   | 20  |
| 191           | 136   | Swift   | 20  | 181         | 164   | Swift   | 20  |
| 192           | 137   | Swift   | 20  | 182         | 165   | Swift   | 20  |
| 193           | 138   | Swift   | 20  | 183         | 166   | Swift   | 20  |
| 194           | 139   | Swift   | 20  | 184         | 167   | Swift   | 20  |
| 195           | 140   | Swift   | 20  | 185         | 168   | Swift   | 20  |
| 196           | 141   | Swift   | 20  | 186         | 169   | Swift   | 20  |
| 197           | 142   | Swift   | 20  | 187         | 170   | Swift   | 20  |
| 198           | 143   | Swift   | 20  | 188         | 171   | Swift   | 20  |
| 199           | 144   | Swift   | 20  | 189         | 172   | Swift   | 20  |
| 200           | 145   | Swift   | 20  | 190         | 173   | Swift   | 20  |
| 201           | 146   | Swift   | 20  | 191         | 174   | Swift   | 20  |
| 202           | 147   | Swift   | 20  | 192         | 175   | Swift   | 20  |
| 203           | 148   | Swift   | 20  | 193         | 176   | Swift   | 20  |
| 204           | 149   | Swift   | 20  | 194         | 177   | Swift   | 20  |
| 205           | 150   | Swift   | 20  | 195         | 178   | Swift   | 20  |
| 206           | 151   | Swift   | 20  | 196         | 179   | Swift   | 20  |
| 207           | 152   | Swift   | 20  | 197         | 180   | Swift   | 20  |
| 208           | 153   | Swift   | 20  | 198         | 181   | Swift   | 20  |
| 209           | 154   | Swift   | 20  | 199         | 182   | Swift   | 20  |
| 210           | 155   | Swift   | 20  | 200         | 183   | Swift   | 20  |
| 211           | 156   | Swift   | 20  | 201         | 184   | Swift   | 20  |
| 212           | 157   | Swift   | 20  | 202         | 185   | Swift   | 20  |
| 213           | 158   | Swift   | 20  | 203         | 186   | Swift   | 20  |
| 214           | 159   | Swift   | 20  | 204         | 187   | Swift   | 20  |
| 215           | 160   | Swift   | 20  | 205         | 188   | Swift   | 20  |
| 216           | 161   | Swift   | 20  | 206         | 189   | Swift   | 20  |
| 217           | 162   | Swift   | 20  | 207         | 190   | Swift   | 20  |
| 218           | 163   | Swift   | 20  | 208         | 191   | Swift   | 20  |
| 219           | 164   | Swift   | 20  | 209         | 192   | Swift   | 20  |
| 220           | 165   | Swift   | 20  | 210         | 193   | Swift   | 20  |
| 221           | 166   | Swift   | 20  | 211         | 194   | Swift   | 20  |
| 222           | 167   | Swift   | 20  | 212         | 195   | Swift   | 20  |
| 223           | 168   | Swift   | 20  | 213         | 196   | Swift   | 20  |
| 224           | 169   | Swift   | 20  | 214         | 197   | Swift   | 20  |
| 225           | 170   | Swift   | 20  | 215         | 198   | Swift   | 20  |
| 226           | 171   | Swift   | 20  | 216         | 199   | Swift   | 20  |
| 227           | 172   | Swift   | 20  | 217         | 200   | Swift   | 20  |
| 228           | 173   | Swift   | 20  | 218         | 201   | Swift   | 20  |
| 229           | 174   | Swift   | 20  | 219         | 202   | Swift   | 20  |
| 230           | 175   | Swift   | 20  | 220         | 203   | Swift   | 20  |
| 231           | 176   | Swift   | 20  | 221         | 204   | Swift   | 20  |
| 232           | 177   | Swift   | 20  | 222         | 205   | Swift   | 20  |
| 233           | 178   | Swift   | 20  | 223         | 206   | Swift   | 20  |
| 234           | 179   | Swift   | 20  | 224         | 207   | Swift   | 20  |
| 235           | 180   | Swift   | 20  | 225         | 208   | Swift   | 20  |
| 236           | 181   | Swift   | 20  | 226         | 209   | Swift   | 20  |
| 237           | 182   | Swift   | 20  | 227         | 210   | Swift   | 20  |
| 238           | 183   | Swift   | 20  | 228         | 211   | Swift   | 20  |
| 239           | 184   | Swift   | 20  | 229         | 212   | Swift   | 20  |
| 240           | 185   | Swift   | 20  | 230         | 213   | Swift   | 20  |
| 241           | 186   | Swift   | 20  | 231         | 214   | Swift   | 20  |
| 242           | 187   | Swift   | 20  | 232         | 215   | Swift   | 20  |
| 243           | 188   | Swift   | 20  | 233         | 216   | Swift   | 20  |
| 244           | 189   | Swift   | 20  | 234         | 217   | Swift   | 20  |
| 245           | 190   | Swift   | 20  | 235         | 218   | Swift   | 20  |
| 246           | 191   | Swift   | 20  | 236         | 219   | Swift   | 20  |
| 247           | 192   | Swift   | 20  | 237         | 220   | Swift   | 20  |
| 248           | 193   | Swift   | 20  | 238         | 221   | Swift   | 20  |
| 249           | 194   | Swift   | 20  | 239         | 222   | Swift   | 20  |
| 250           | 195   | Swift   | 20  | 240         | 223   | Swift   | 20  |
| 251           | 196   | Swift   | 20  | 241         | 224   | Swift   | 20  |
| 252           | 197   | Swift   | 20  | 242         | 225   | Swift   | 20  |
| 253           | 198   | Swift   | 20  | 243         | 226   | Swift   | 20  |
| 254           | 199   | Swift   | 20  | 244         | 227   | Swift   | 20  |
| 255           | 200   | Swift   | 20  | 245         | 228   | Swift   | 20  |
| 256           | 201   | Swift   | 20  | 246         | 229   | Swift   | 20  |
| 257           | 202   | Swift   | 20  | 247         | 230   | Swift   | 20  |
| 258           | 203   | Swift   | 20  | 248         | 231   | Swift   | 20  |
| 259           | 204   | Swift   | 20  | 249         | 232   | Swift   | 20  |
| 260           | 205   | Swift   | 20  | 250         | 233   | Swift   | 20  |
| 261           | 206   | Swift   | 20  | 251         | 234   | Swift   | 20  |
| 262           | 207   | Swift   | 20  | 252         | 235   | Swift   | 20  |
| 263           | 208   | Swift   | 20  | 253         | 236   | Swift   | 20  |
| 264           | 209   | Swift   | 20  | 254         | 237   | Swift   | 20  |
| 265           | 210   | Swift   | 20  | 255         | 238   | Swift   | 20  |
| 266           | 211   | Swift   | 20  | 256         | 239   | Swift   | 20  |
| 267           | 212   | Swift   | 20  | 257         | 240   | Swift   | 20  |
| 268           | 213   | Swift   | 20  | 258         | 241   | Swift   | 20  |
| 269           | 214   | Swift   | 20  | 259         | 242   | Swift   | 20  |
| 270           | 215   | Swift   | 20  | 260         | 243   | Swift   | 20  |
| 271           | 216   | Swift   | 20  | 261         | 244   | Swift   | 20  |
| 272           | 217   | Swift   | 20  | 262         | 245   | Swift   | 20  |
| 273           | 218   | Swift   | 20  | 263         | 246   | Swift   | 20  |
| 274           | 219   | Swift   | 20  | 264         | 247   | Swift   | 20  |
| 275           | 220   | Swift   | 20  | 265         | 248   | Swift   | 20  |
| 276           | 221   | Swift   | 20  | 266         | 249   | Swift   | 20  |
| 277           | 222   | Swift   | 20  | 267         | 250   | Swift   | 20  |
| 278           | 223   | Swift   | 20  | 268         | 251   | Swift   | 20  |
| 279           | 224   | Swift   | 20  | 269         | 252   | Swift   | 20  |
| 280           | 225   | Swift   | 20  | 270         | 253   | Swift   | 20  |
| 281           | 226   | Swift   | 20  | 271         | 254   | Swift   | 20  |
| 282           | 227   | Swift   | 20  | 272         | 255   | Swift   | 20  |
| 283           | 228   | Swift   | 20  | 273         | 256   | Swift   | 20  |
| 284           | 229   | Swift   | 20  | 274         | 257   | Swift   | 20  |
| 285           | 230   | Swift   | 20  | 275         | 258   | Swift   | 20  |
| 286           | 231   | Swift   | 20  | 276         | 259   | Swift   | 20  |
| 287           | 232   | Swift   | 20  | 277         | 260   | Swift   | 20  |
| 288           | 233   | Swift   | 20  | 278         | 261   | Swift   | 20  |
| 289           | 234   | Swift   | 20  | 279         | 262   | Swift   | 20  |
| 290           | 235   | Swift   | 20  | 280         | 263   | Swift   | 20  |
| 291           | 236   | Swift   | 20  | 281         | 264   | Swift   | 20  |
| 292           | 237   | Swift   | 20  | 282         | 265   | Swift   | 20  |
| 293           | 238   | Swift   | 20  | 283         | 266   | Swift   | 20  |
| 294           | 239   | Swift   | 20  | 284         | 267   | Swift   | 20  |
| 295           | 240   | Swift   | 20  | 285         | 268   | Swift   | 20  |
| 296           | 241   | Swift   | 20  | 286         | 269   | Swift   | 20  |
| 297           | 242   | Swift   | 20  | 287         | 270   | Swift   | 20  |
| 298           | 243   | Swift   | 20  | 288         | 271   | Swift   | 20  |
| 299           | 244   | Swift   | 20  | 289         | 272   | Swift   | 20  |
| 300           | 245   | Swift   | 20  | 290         | 273   | Swift   | 20  |
| 301           | 246   | Swift   | 20  | 291         | 274   | Swift   | 20  |
| 302           | 247   | Swift   | 20  | 292         | 275   | Swift   | 20  |
| 303           | 248   | Swift   | 20  | 293         | 276   | Swift   | 20  |
| 304           | 249   | Swift   | 20  | 294         | 277   | Swift   | 20  |
| 305           | 250   | Swift   | 20  | 295         | 278   | Swift   | 20  |
| 306           | 251   | Swift   | 20  | 296         | 279   | Swift   | 20  |
| 307           | 252   | Swift   | 20  | 297         | 280   | Swift   | 20  |
| 308           | 253   | Swift   | 20  | 298         | 281   | Swift   | 20  |
| 309           | 254   | Swift   | 20  | 299         | 282   | Swift   | 20  |
| 310           | 255   | Swift   | 20  | 300         | 283   | Swift   | 20  |
| 311           | 256   | Swift   | 20  | 301         | 284   | Swift   | 20  |
| 312           | 257   | Swift   | 20  | 302         | 285   | Swift   | 20  |
| 313           | 258   | Swift   | 20  | 303         | 286   | Swift   | 20  |
| 314           | 259   | Swift   | 20  | 304         | 287   | Swift   | 20  |
| 315           | 260   | Swift   | 20  | 305         | 288   | Swift   | 20  |
| 316           | 261   | Swift   | 20  | 306         | 289   | Swift   | 20  |
| 317           | 262   | Swift   | 20  | 307         | 290   | Swift   | 20  |
| 318           | 263   | Swift   | 20  | 308         | 291   | Swift   | 20  |
| 319           | 264   | Swift   | 20  | 309         | 292   | Swift   | 20  |
| 320           | 265   | Swift   | 20  | 310         | 293   | Swift   | 20  |
| 321           | 266   | Swift   | 20  | 311         | 294   | Swift   | 20  |
| 322           | 267   | Swift   | 20  | 312         | 295   | Swift   | 20  |
| 323           | 268   |         |     |             |       |         |     |



© Times Newspapers Limited  
**DAILY DIVIDEND**  
**£8,000**  
Claims required for  
+30 points  
Claimants should ring 0254-53272

[illegible]







日本 JAPAN

FOCUS

A SPECIAL REPORT

# New role on world stage

Recent pressures on Japan to modify its trade policies underline the extent of its economic success. Peter Strafford examines whether it will now translate this surging economic power into international political power

Japan has marked out a quite distinctive place for itself on the world scene. An island country, with a strong sense of its own national identity and culture, it has long been remarkable as the one nation outside Europe and those settled by Europeans to have met the West on its own terms — and to have succeeded.

The extent of its success has been visible in recent months, as Washington, Brussels, London and other capitals have brought pressure to bear on Tokyo over its trading and other policies. There is some justification in the complaints over the difficulties that other countries encounter in penetrating the Japanese market-place, and the Japanese, though responding to the complaints, have done so only slowly and partly.

But the underlying reality is that Japan has become rich through the means that the West has made its own — hard work, use of advanced technology, commercial enterprise — with the result that it is now the second largest economy in the non-communist world, and an economic power throughout the world.

It is currently going through a relatively difficult phase, to a great extent brought on by its own success. The sharp rise in the value of the yen has created problems for its manufacturing industries, with their dependence on exports; and much of its industry now needs restructuring to meet changed circumstances.

But the country met and surmounted a much more serious crisis in the early 1970s, when its economy suffered badly from the sudden, sharp increase in the price of oil. Today it is far stronger and better established than it was then, and it will presumably meet the challenge.

The question is whether Japan will now go further in translating its economic power into political influence. Since the end of the Second World War, which reduced it to ruins and left its public opinion strongly anti-militarist, it has been in an unusual position, protected by its alliance with the United States, spending little on its own defence, and able to concentrate on its commercial interests.

Now it is becoming increasingly aware — with some nudging from both Americans and Europeans — that it has to play a more active part in world affairs, if only to protect its own substantial interests.

Under Yasuhiro Nakasone, the Prime Minister since 1982, there has been a move in that direction, most notably at the Williamsburg economic summit of 1983, when Mr Nakasone publicly accepted Japan's concern with issues of East-West security. More recently, there has been the decision to increase defence spending above the limit of 1 per cent of GNP.

But Mr Nakasone came under heavy criticism in Japan for the Williamsburg declaration, and though officials accept that Japan needs to play a more active role internationally they emphasize the limitations on government action.

One possible area of activity is in attempts to end the Iran-Iraq war, as Tokyo has friendly relations with both countries, but Japan will not be assuming a high profile.

Closer to home, Japan has only limited relations with its immediate neighbours, the Soviet Union, China and Korea. One commentator pointed out to me that this was one more difference between Japan and the countries of western Europe: that the Euro-



## THE VITAL STATISTICS

- Population: 120 million
- Land area: 145,869 square miles
- Head of state: Emperor Hirohito
- Ruling party: Liberal Democratic Party
- Prime Minister: Yasuhiro Nakasone
- Gross domestic product: ¥320,000 billion (£1,400 billion)
- Surplus on current account (1986): \$85.8 billion (£53 billion)
- Growth rate (1986): 2.5 per cent
- Consumer price movement: drop of 1 per cent
- Unemployment: 3 per cent

peans were a group of similar countries, linked by history and culture, whereas there was no comparable affinity between the countries of east Asia, so that Japan felt that it stood alone.

Relations with Moscow are bedevilled by Soviet occupation since the war of the Kuril islands, which the Japanese are determined to end, however long it takes.

The attraction of being allowed a hand in the development of Siberia has lost much of its appeal as Japan has reduced its dependence on raw materials and switched its industrial emphasis to high technology.

As for China, Japan provides much of the technology

and finance for that country's development. But Peking is suspicious of Tokyo and has been publicly critical recently, particularly of the decision to increase defence spending.

Even with South Korea, contacts are limited.

Japan has nevertheless begun to involve itself more

actively in world affairs under Mr Nakasone. How far that policy will change when he stands down, as planned, in October, remains to be seen. None of his likely successors has his forcefulness of character, which has stood him well in the West, though much less so within Japan.

But the likelihood is that the

main trends of Japanese policy, conditioned as they are by circumstances, will continue. This would imply further, but still limited, accommodation to the pressures from the West to remove obstacles to trade and other economic activities; and further recognition, again limited, that Japan cannot remain isolated.

Much of Japan's strengths, and its weaknesses, derives from the fact that it is an island country. It is that which gives the Japanese their tightly knit sense of identity, but also their frequent insensitivity to the concerns of others.

But they are clearly coming to appreciate that in today's world no nation can be an island.

## A vibrant nation, but feelings of insecurity remain

What would happen if the rest of the world suddenly renounced Japanese-made video recorders, stereos and all the other consumer goodies?

The dispensability of Japan, the notion that it could sink beneath the waves and the world would carry on regardless, has always been a favourite theme of Japanese Angst.

Today, with production moving offshore at a remarkable rate and Japanese capital underwriting the American debt or tied up in property, the consequences of rejection would be far from serious.

But Japan's feelings of insecurity have not yet been assuaged by the reality of its strength. Ever since the yen began its rise against the US dollar, many Japanese have seen the whole sequence of events, including western criticism, as a scheme got up by other countries, jealous of its success, to do Japan down.

Scratch through the politeness of many a bureaucrat or businessman today and underneath you will find a man who believes strongly that Japan is being made to pay the price for American economic decline. And when the Europeans join in, it is a feeble sort of me-too diplomacy.

There is, however, another factor which has muted public criticism. The increased sophistication and diversity of Japanese economic activities around the world means that alliances of interest with foreigners are on the increase.

Recent examples have been foreign pressures for the liberalization of the domestic financial and telecommunications markets. Japanese bankers and businessmen, and even bureaucrats on occasion, can be heard urging foreigners to press for change in the domestic interest as much as for Japan's image abroad.

Even so, that the world's largest creditor nation and overall second strongest economy in the non-communist world should still have to dance to a tune written by the West strengthens the nationalist elements in the ruling Liberal Democratic Party and,

perhaps more significantly, in the bureaucracy.

The Venice summit showed that Yasuhiro Nakasone, the Prime Minister, is now perfectly capable of telling the American leadership what he thinks they should do about their budget deficit and how quickly they should do it.

Meanwhile there seems to be little rejoicing over the strong yen at home. The reasons for this are diverse, but primary among them is the fact that ordinary Japanese have benefited much less than they might have expected from the effects of a strong currency.

Large-scale lay-offs in coal, steel and shipbuilding are attributed by the Government to its industrial restructuring programme, undertaken as part of its international obligations — though in reality these industries have become unviable either because of increased foreign competition or because of Government unwillingness to go on subsidizing inefficient local production of coal.

At the same time foreign consumer goods have shown little appreciable change in price; and the flood of cash swirling around Tokyo has done little for the ordinary *salariman*, or salary-earner, except inflate stock market prices and push up the cost of real estate and retirement to the point where many will probably never be able to own a piece of property in their own capital city, or may be forced to retire abroad.

No wonder then that the average Mr Suzuki is inclined to think that you are speaking of someone else when you argue that Japan is now the richest country in the world.

Small wonder, too, that he feels somewhat put upon when held personally responsible for the economic shortcomings of that mystical entity, "the Japanese".

David Watts

REACTIONS

# We'll be printing 10,000 of these every month from now on.

From now on the world's number one computer printers will be made in Britain — in Telford, to be precise.

That's where the Seiko Epson Corporation is making a massive £11 million investment over the next three years.

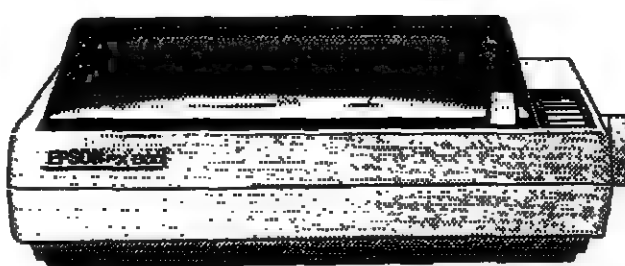
Yet that is only the beginning of Epson's commitment to manufacture in the

U.K. from the largest industrial site ever taken up in Telford.

Starting right now from temporary premises and in 1988 from our 55 acre site, Epson will employ initially 100 and later create around 350 new jobs to build Epson printers for sale all over the U.K., Europe, Scandinavia and the Middle East.

Epson's investment at Telford reflects its belief that Britain offers the best potential in Europe to produce and export its products.

Epson is particularly proud therefore that the birthplace of industry is now the home of the world's leading computer printer manufacturer.



EPSON



## A challenger to defy the Shogun in the Shadows

Between now and the end of October a new leader of the Liberal Democratic Party (LDP) will emerge to claim his role as the next prime minister of Japan, in succession to Yasuhiro Nakasone, writes David Watts. It is a foregone conclusion that whoever leads the party will lead the country because the LDP has overwhelming control of the 764-seat bicameral Diet, a control it has held since the party's formation 32 years ago. Party rules require Mr Nakasone to stand down now, despite last year's election success.

That success gained him an extra year, going beyond the two periods of two years which the party considers normal. But his standing has since slipped, and he has said he will resign in October.

The race for the succession is already under way, and it is a contest quite unlike any similar political process in the West. Policies and programmes play no part in deciding who will next lead the second most economically powerful democracy in the western camp. The public has only marginal control with the proceedings.

The LDP is best seen as a coalition of interest groups rather than a political party in the conventional sense. No group within the party has enough power on its own to determine who the next leader will be, so the process is a drawn-out but highly sophisticated and subtle exercise in horse-trading.

The 446 LDP parliamentarians are roughly split among five factions, with the remainder running nominally as independents. The factions are



grouped around a single leader of a particular political pedigree, or with access to large amounts of largesse.

For years the most powerful faction has been that of Kakuei Tanaka, the former prime minister, whose influence had been such that he had the controlling say in the appointment of the three prime ministers who have followed him in office since his resignation in 1974.

But since his crippling stroke in 1983 Mr Tanaka's influence has dramatically declined, and his faction is now on the point of breaking up. This factor has made the current contest for the prime ministership much more complex by introducing a

between them. Suddenly in the middle of May, Susumu Nakai, a loyal lieutenant and guardian of Mr Tanaka's interests, announced that he, too, would be trying for the party presidency, threatening to split the 141-strong Tanaka faction into two camps — those supporting Mr Takeshita and those supporting Mr Nakai.

Mr Takeshita has been persona non grata with Mr Tanaka ever since he tried to start his own faction within-a-faction before Mr Tanaka became ill. Towards the end of May he defied the old "Shogun in the Shadows" once more to go ahead with a fund-raising party for his candidacy despite Mr Tanaka's apparent endorsement of Mr Nakai.

Mr Takeshita is said to have raised £8.75 million for his war chest and attracted 118 of the Tanaka faction. He is still hoping that Mr Nakai will back down, so bringing the whole of the Tanaka faction behind Mr Takeshita. Those numbers, combined with an understanding of support from Mr Abe and his faction, would set him well on

the way to the prime ministership. But both Mr Abe and Mr Miyazawa are expected to declare their candidacies after the summer session of the Diet. Then the final bargaining will begin.

Though Mr Takeshita may well be the ultimate winner, one thing is certain: the style of the next prime minister will be markedly different from that of the present incumbent, with his unusually forceful style.

Yet Mr Nakasone's approach to the office has been so different from that of his predecessors that he will certainly leave his mark on the office.

Yasuhiro Nakasone during a visit to London: despite his success as Japan's prime minister, the time is coming for a change of leadership



## Strong reluctance over increased military spending



Defence has been an emotional and difficult issue for the Japanese ever since defeat in the Second World War. Reluctant to spend too much on defence, they have depended on their alliance with the US for security.

However with the emergence of Japan as an economic superpower, Tokyo has been persuaded, after intensive US and prime ministerial pressure to take on greater responsibility.

Because of the size of its gross national product, Japan ranks 10th in the world in

15 cruisers, 14 destroyers and 21 frigates, as well as 77 submarines. Closer to Japan, on the island of Sakhalin, the Soviets have three naval bases and seven military airfields.

The Soviet ground forces in the Far East are also impressive: 41 divisions of about 370,000 troops. Some 2,390 combat aircraft are also based in the region. Perhaps the greatest cause of concern are the 162 SS-20's and the 85 Backfire strategic bombers.

Compared to this military might, Japan can muster only 13 divisions, one of them armoured, 15 submarines, 34 destroyers, 18 frigates and about 311 combat aircraft.

With the whole Pacific Basin now in the strategic spotlight, Japan has had to reassess its role in the region. But there is still great reluctance to increase defence spending, significantly because the Japanese policy of "economics above all" has enabled them to become the wealthiest and most technologically advanced nation in Asia.

Most experts agree that there has to be a careful balance. A major military build-up by Japan could be destabilising for the region, and yet it is in the interests of the West for the Japanese to use their economic strength to play a more important part in the security of the area.

To that end, Japan has been improving its Self-Defence Forces, especially its air and naval capabilities. For example, the government agreed in 1985 to increase its purchase

### Striking a careful regional balance

of American F-15 Eagle interceptors from 155 to 187.

Japan has also tried to enhance the security arrangements with the US, which already has 120 facilities, with the Japanese contributing substantially to their upkeep. Japan, for example, agreed to the stationing of 48 F-16 fighter bombers at the Misawa air base in northern Honshu.

Article 9 of the 1946 Constitution renounces war as a means of settling international disputes, and there has been much debate on the proper level of self-defence.

But times have changed and the Tokyo government now realises that since Japan plays such an important role in the Western economic community its security interests are also inextricably linked to those of the West.

Michael Evans  
Defence Correspondent

### Threatening to split the strong Tanaka faction into two camps

fourth potential candidate into what was otherwise a rather lacklustre three-horse race likely to end in a compromise.

Initially it was expected that the three so-called "new leaders" would have the race to themselves: Noboru Takeshita, the current secretary-general of the party and former finance minister; Kiichi Miyazawa, the current Finance Minister; and Shintaro Abe, formerly Foreign Minister.

These three had for months been expected to work out the succession

## GAIN THE UPPER HAND

A keen sense of timing.  
Winning requires a far-sighted strategy.

Now is the time to diversify your funds overseas.  
And there could be no better place to put your money to work than Japan, an Industrial nation with high growth potential and now in the process of a dramatic restructuring of its economy.

Taking advantage of the important investment opportunities such changes present requires expert analysis and the right strategy.  
Let us help you to succeed in Japan through our offices in New York, Hong Kong, Zürich, Bahrain and our LONDON SUBSIDIARY.  
We are here to help you plan your winning moves.  
Call us today for a master strategy.

### Okasan International (Europe) Ltd.

Cutlers Garden, 5 Devonshire Square, London EC2M 4YD.  
Telex: 8811131 OKASAN G  
Telephones: General Office (01) 626-1682  
Equity Sales (01) 626-8733  
Bond Dealers (01) 626-1113

**OKASAN**  
SECURITIES CO. LTD.

#### HEAD OFFICE

1-17-6, Nihonbashi, Chuo-ku, Tokyo, Japan  
Telephone: 272-2211 Telex: J26806, J28879 OKASAN Cable Address: KABUOKASAN

## Japanese investment in Britain is over £3bn

Direct investment figures show that Britain is the preferred location in Europe for Japanese offshore investment.

By last year, the UK was home to 1,048 individual Japanese projects with a total investment of \$3,141 million.

Japanese companies now operate about 50 production sites in the UK and employ about 12,000 people, with another 2,000 jobs expected to be created by this autumn.

According to statistics from the Invest in Britain Bureau, the biggest single industry represented is electronics, accounting for 19 production sites and 5,600 workers.

The biggest concentration is in Wales, home to Sony's TV set factory at Brigid and Hitachi's at Aberdare, which together employ 2,000 people.

The development that created most controversy, however, and proved to be the biggest Japanese investment in the UK, was the Nissan car assembly and future production plant at Washington, Tyne and Wear. This marked

the first significant incursion by the Japanese into UK engineering production, as opposed to consumer goods or electronic-based products.

The IBB's figures highlight the North-East as the main centre for Japanese engineering investment. About nine Japanese companies are involved, employing 4,750 people, of whom about half work for Sunbeam, formerly Daimler's tyre operation.

Elsewhere, about 17 small Japanese-owned companies employing about 1,500 people are making a wide variety of products, including cigarette lighters, car seats, lenses and printing plates.

In financial services, there are now 43 Japanese banks, 29 securities houses and two joint venture banks with offices in London, together employing 4,580 staff — 8.5 per cent of all the people employed by foreign banks and securities houses in London.

Edward Townsend  
Industrial Correspondent

## BE AN EXPERT FROM DAY ONE.

The new Nikon F-401 guarantees perfect pictures every time, anywhere.



enjoy taking the photographs. And whatever your standard, it'll always deliver.

Thanks to Image Master Control. A unique feature combining the world's fastest, most sensitive autofocus with triple sensor metering and a versatile built-in automatic flash.

It does all the work. You simply

(You'll also have access to the most comprehensive 35mm camera system in the world.) All for around £300. The Nikon F-401. Because it's perfect for everyone, it's the camera for you.



FOR DETAILS OF YOUR LOCAL AUTHORIZED NIKON DEALER CONTACT: NIKON UK LTD, NIKON HOUSE, 380 RICHMOND ROAD, KINGSTON UPON THAMES, MIDDLESEX, ENGLAND, TEL: 01-541 4440



## British Caledonian open the door to door to Tokyo.

British Caledonian have just introduced a brand new service. Non-stop flights to Tokyo.

Travel First or Super Executive Class and experience our door-to-door service.

There's even a Japanese holiday competition and free kimono offer, too.

For full details, contact British Caledonian on 0800 444188. (That's a 24-hour, free service.)

**British Caledonian**  
The sky is not the limit.



Picturepoint



Eastern idyll: The rural beauty of Shinjuku Park in Tokyo contrasts with the city tower block skyline

## The ant that often works a little too hard

**A**esop's Fable of The Ant and The Grasshopper is a favourite among the Japanese, as a story with relevance to both the past and the future, writes David Watts.

The Japanese national psyche tends to that of the ant — hard-working, frugal, putting a little aside for the hard times. The grasshopper has always been something to be scorned — shiftless, living only for the present.

But to get along with the rest of the world, and relieve some of the international pressures caused by their export success, many Japanese recognize that they must emulate the characteristics of both insects.

All work and no play does not make Sato-san a particularly efficient consumer of foreign products and holidays. Besides, he should be rich enough now to spend more time living like a grasshopper, enjoying life and giving greater value to the less structured lifestyle of the creative individual.

The feeling that they do not enjoy a quality of life commensurate with their country's wealth is nothing new in Japan. But the strong sense of duty and the work ethic have made people suppress many of these feelings until recent years.

All that is now changing, and since 1983 surveys by the prime minister's office have shown that the top priority of the Japanese is on increased leisure time, with better housing in second place. Diet, durable goods and clothes take the succeeding places.

One of the most revealing pieces of evidence is a comprehensive survey done by the Hakuhodo Institute of Life and Living which looked into the six basic prevailing lifestyles. The institute found that 30 per cent of the population are what they call The Good Old Japanese, very concerned with what others think.

The Silent Majority, who change direction only with the group, make up the biggest section, with 52 per cent. The Confident Middle Class, who support the notion of individuality, but not to the point of endangering their comfortable, middle-class lifestyles, are 8 per cent. Style-orientated consumers who are not afraid to offend their neighbours a little make up 3 per cent.

The Do-it-My-Way Japanese, who don't care what anybody else thinks, are 5 per cent, and the wealthy, confident trend-setters, who don't have to worry about what anyone else thinks, sit on top of the pile at 2 per cent.

Social commentators confirm that Japan and the Japanese are becoming as diverse as any wealthy western society. But the social and personal constraints on expressing oneself in an individual way are still strong.

There may be widespread acceptance of a shorter working week, for example, but the reality is that only 6.1 per cent of the workforce has a five-day work week. And that figure has not shown any sign of increasing consistently. The gap between desires and realization is still large.

The most striking examples of a new, more relaxed breed in Japan are the New Human

Beings — young people who feel much less bound by commitments to company and country. They do not really equate with the Me Generation in the West, but they are happy to put a personal appointment before a job assignment, or a holiday before a family commitment.

The campaign to get people to take more time off work has been directed by the prime minister's office for some years. But the value of such urgings is dubious at best.

In his latest report, Haruo Maekawa, the former governor of the Bank of Japan, again urges a reduction of the working week from the standard 48 hours. As such statements are clearly intended to appease a foreign audience many Japanese would view them as *tailor-made*, something said for the sake of good form or to make the hearer feel comfortable, rather than a *honne* statement revealing the speaker's true feelings.

At the urging of the government, ministries are considering a reduction in their working hours, but they have so far not followed the lead of banks, which now close two Saturdays a month. Some of the big corporations have followed suit, as is evidenced

by the larger number of people in casual clothes riding the city tubes on Saturdays. But the regular financial burdens of the ordinary household still militate strongly against families or individuals taking too much time off their jobs. Even though most wives work at least part-time, it is often to help pay the onerous costs of education.

The enormous emphasis on education and the time devoted to it, time that in western countries might be spent in leisure activities, starts as soon as the child is ready for primary school or even kindergarten, so important is it for the child to start with the "right" primary school, leading in turn to the most prestigious high schools and universities.

That means that from an early age the child will spend long hours in the evenings and at weekends in a "cram" school, whether or not the child's scholastic level requires it.

All the other children do it, and no one wants to be left out.

Family apartments may be company-owned or subsidized, and tiny, but though millions of Japanese want very much to live in a house there is an ambivalence about their housing. It has been sharpened by the mistranslated jibe of some years ago that characterized Japanese homes as "rabbit hutches".

Perhaps compared with western homes some Japanese housing is inferior. But those small houses tend to be confined to Tokyo and Osaka. Other parts of Japan have houses every bit as commodious as those in other countries.

Besides, for the Japanese their homes have historically epitomized their spare, aesthetic tradition. "We see the world in a small room," says a friend. "Perhaps what we should aim for now is 'rabbit castles'," he adds, only half joking.

## Wanted: more creative minds for the future

**T**he Japanese education system, the very basis of the country's economic success, appears at first sight to have little to fault it, writes David Watts.

Its basic standards are arguably the world's highest, and the standard curriculum generally produces a student with a good, general education ready to be turned into a life-long soldier of industry by a company's in-house training system.

But the one-size-fits-all approach has been under criticism for some time, and no prime minister in recent years has done as much as Yasuhiro Nakasone to investigate how it might be changed to suit the Japan of the 21st century.

This will be a country needing more creative individuals to take a lead in developing scientific breakthroughs for industry to exploit, rather than buying in foreign expertise, as has been the practice in the past. Japan needs to promote the flash of brilliance in the firmament of steady competence.

In 1984 Mr Nakasone set up a Provisional Council on Education Reform and closed down the Ministry of Education's own advisory Central Council on Educa-

tion, thus engineering the takeover of the whole education reform issue by his own office.

This immediately raised suspicions that reform was likely to follow Mr Nakasone's own view that there was nothing much basically wrong with the pre-war education system's moral and nationalistic values.

Many in the ruling party would like the final draft to include some

recommendations on moral education, while those on the left have been alarmed that the reform body says Japanese culture needs to be preserved.

To the more conservative elements, a call for the greater individualism needed to produce the more creative individual is too much like a move towards western educational values.

The liberals and the left-wing teachers' union are concerned because the curricula and textbooks are controlled by the Ministry of Education in the state primary and junior high schools, and are under ministry "guidance" in senior high schools. Although that may produce a

certain "cook-book" similarity among the students, it also ensures greater uniformity in the quality of the material and the end product than in many western countries.

The Japanese public wants to change a system that in recent years has brought an unacceptably high rate of student suicides, and leads to competition so intense that it robs children of any notion of play for much of their youth.

Indeed, the only relaxation comes once university entry has been gained, because the system makes universities hard to enter but uniformly easy to graduate from. The university attended is the principal criterion by which a job applicant is considered, not what the individual achieved while there.

This helps to create almost brutal competition to enter the "name" universities, such as Tokyo.

It has also built up the crammer schools into an \$70 billion yen (£3.7 billion) industry. These schools cater for those who failed their university entrance at the first try, as well as junior high and primary school students.

Even a good kindergarten may require some pre-entry cram training before accepting pupils.



We're chopping



almost



6 hours



off our



flying time



to Tokyo.

From June 4th, two of our seven flights a week to Tokyo will be non-stop.  
Every First Class and Super Club passenger can also enjoy free transport between the airport and the heart of Tokyo.  
Which all goes to make Japan part of the not-so-Far East.

**BRITISH AIRWAYS**

The world's favourite airline.



## Problems of living with a current-account surplus



**E**conomic policy in Japan, under the guidance of the Minister of Finance, Kiichi Miyazawa, continues to tread the often precarious path between international pressure and domestic necessity.

Occasionally over the last year, Japan has been in great danger of tripping up. But the latest economic package, announced in May and worth some 6,000 billion yen (about £25 billion) has been well-received.

The package, the lion's share of which was in additional public spending, included 700 billion yen on housing construction, 450 million yen on disaster relief and 250 million yen on road-building. The expansion plans, worth 1.8 per cent of Japanese gross domestic product, also involved 1,000 billion yen of income tax cuts, to take effect this year.

Though Japan's trading partners had been prepared for an additional stimulus, the size of the package was 1,000 billion yen more than had been expected.

As always, the latest economic policy move from Japan was timed to achieve maximum international effect.

## The yen's rise strengthens the trade position

ahead of the Venice economic summit. But, in the way of these things, Japan has not yet reached the stage where its international trading partners are ready to admit that enough has been done.

The cause of this, of course, is the country's huge current-account surplus, which totalled \$86 billion (about £53 billion) last year, and is predicted to narrow only slightly, to \$75 billion, this year. Japan's problem is that the current-account surplus will be slow to unwind.

The effects of the dollar's fall against the yen — from an average of 240 yen in the 10 years to the end of 1985 to a level closer to 140 yen now — will take a considerable time to come through. Indeed, the initial impact of the yen's rise is to produce a strengthening of Japan's trade position, al-

## The economic balancing act

ready given an unlooked-for help by the fall in oil prices.

This is because, in dollar terms, a stronger yen has the effect of cutting the value of imports and raising the value of exports. Only later, as the competitive advantages to other countries accrue, and Japan's exporters suffer, will the external surplus begin to come down significantly.

Before that happens, the squeeze on Japanese industry may have to intensify. Dr Paul Chertkow, a currency forecaster at the stockbrokers Hoare Govett, predicts a further dollar fall to 120 yen.

In the meantime the Japanese economy, which appears to be doing very well indeed from a glance at the trade accounts, has been suffering. An analysis by the US securities house, Goldman Sachs, points to the sharp differences in the performance of the various sectors of the Japanese economy since the yen began to rise strongly against a weak dollar in 1985.

According to the analysis, this "duality" in economic performance is directly attributable to the uneven impact of the yen's strength. "On the one hand, the industrial sector has been hard-hit by the strength of the yen. On the other, domestic sectors of the economy have actually benefited from the side effects of a strong currency."

But it is Japanese manufacturing industry, now experiencing a contraction in economic activity of between 2 and 3 per cent a year, which has been making all the noise in Japan, making things uncomfortable for the government. And it is the difficulties faced by the manufacturers that have contributed to a rise in the unemployment rate to 3 per cent, which is high by Japanese standards.

The big manufacturers have been voting with their feet and investing abroad, in order to mitigate the effects of the yen's strength and the threat of protectionist action against Japanese goods. In contrast, the big department store groups and supermarket chains have posted record

profits, as low inflation has encouraged consumers to spend.

The balance has clearly shifted in Japan. The old picture of the export-based industries racing ahead, while domestic industries lagged behind, held back by sluggish home demand, is changing.

In many ways, the yen's rise is bringing about what last year's Maekawa report on the structure of the Japanese economy recommended — a shift from export to domestic bias in the Japanese economy, as part of a process of "Westernizing" Japanese economic behaviour.

But the Maekawa framework involved important changes in economic policy and, as the experience this year of Yasuhiro Nakasone, the Prime Minister, has shown, such changes are far from easy to implement.

Most observers agree that a reform of the tax system would help reduce the trade surplus. At present the system is skewed towards the encouragement of saving and provides little incentive for

## Raising taxes to pay for reductions will be a real feat

spending. It also includes all the paraphernalia of special taxes.

The Japanese government is officially embarked on a programme of tax reform designed both to simplify and to tilt the balance of the tax system. The difficulty is that, under the self-imposed fiscal constraints under which successive recent Japanese Prime Ministers have operated, the tax reform programme has to be neutral in its effect on revenues.

But raising taxes in some areas to pay for reductions in others will be a considerable political feat. Mr Nakasone is still winning from the storm of protest and eventual parliamentary defeat that greeted his proposal to introduce a 5 per cent sales tax.

David Smith  
Economics Correspondent



## Why western companies are looking east

**J**apan as a country and Tokyo as its capital have arrived on the world financial stage with a bang, and it has all happened in less than 17 years. Today, Japan is the largest creditor nation in the world.

The Tokyo stock market, measured in terms of market capitalization, is bigger than Wall Street. Figures for volume of business traded in the bond, securities and banking fields read like international telephone numbers. And because the mountain of Japanese investment money seeking a home is still growing, foreign institutions — despite some tremendous odds — still knock on Tokyo's doors demanding to be let in.

Besides being a financial centre in its own right, Tokyo fits in neatly in the timespan that embraces London and New York, thus allowing global securities trading round the clock. It is, however, a city, and a country, which can be frustrating for western businessmen.

Tokyo is, nonetheless, a market and a centre which offers a host of opportunities, especially as the authorities have admitted that they want to resolve three major issues: the further deregulation of Japan's financial markets; how to improve access to its markets for foreigners; and the need to expand the use of the yen in world financial markets.

The Tokyo Stock Exchange, the most important of the eight exchanges in Japan, has 93 corporate members but only six foreign firms, granted entry in December, 1985.

Three British firms (Kleinwort Benson, J. Henry Schroder Wagg, and Baring Brothers) were earlier this month given indications they would be granted entry next May. At face value this is progress, but it has been a long, slow business.

But whereas London broke the bonds with history and last October witnessed its own financial revolution, nobody should expect a "Big Bang" in

Japan. Deregulation within Japanese financial markets, which in traditional fashion will be brought about by consensus, is going to be a slow affair.

Last month Japan's Ministry of Finance granted 17 foreign licences, including 10 to British firms, to act as investment managers in the Tokyo market, so opening up one part of the financial sector to foreigners.

By contrast, there is no pressing rush by UK and other foreign banking groups to get into Tokyo. Today, an estimated 77 foreign banks operate in Japan, though for many their corporate presence in Japan can be no more than a shop window.

The foreign banking community acknowledge that they are operating in a very foreign environment, that it could take years before they can hope seriously to tempt corporate accounts away from the traditional Japanese banking groups.

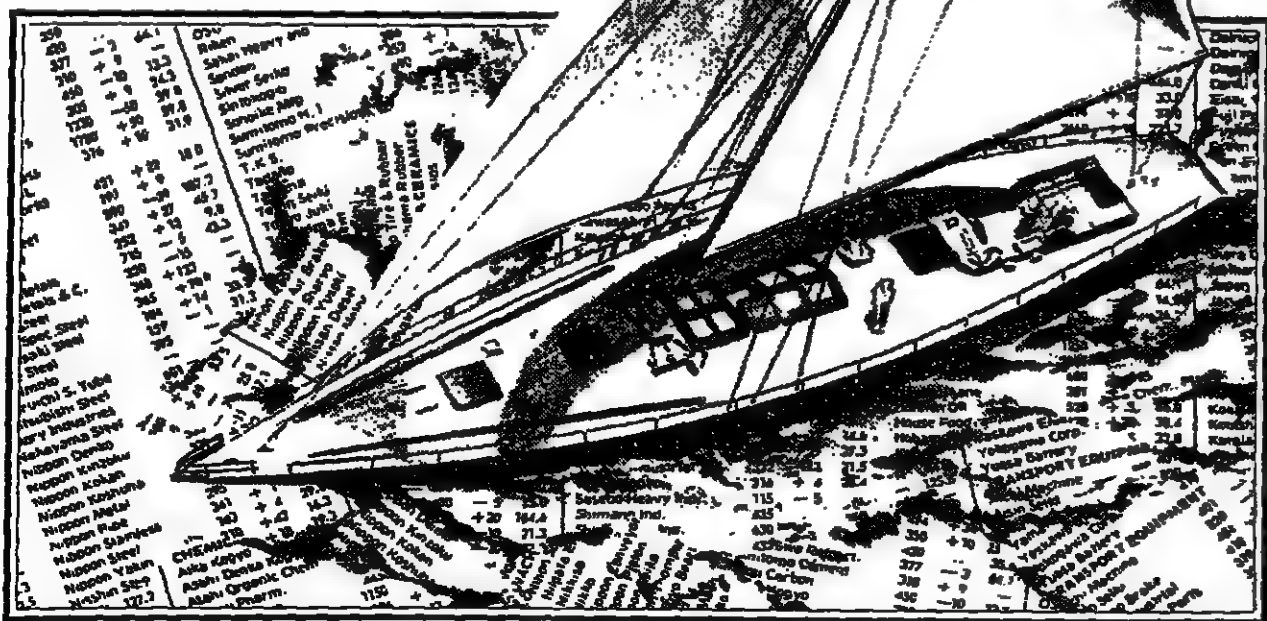
The desire to get into Japanese financial markets will not, however, diminish. The Japanese have one of the highest savings ratios in the world — with an estimated 17 per cent of personal incomes being tucked into savings avenues, compared with a 3 per cent to 5 per cent ratio in the United States and an estimated 7 per cent to 12 per cent ratio for Europe.

In 1986 capital outflow from Japan totalled \$132 billion, and net purchases of foreign bonds topped \$93 billion. Tokyo is the home of the world's largest securities firm, Nomura, and Japanese companies dominate the world stock exchange table for market capitalization. Tokyo cannot be ignored.

The irony is that while Japan is one of the three principal markets in today's financial world, its economy is strong, and that its currency is hard, the yen is not yet an international reserve asset.

Colin Campbell

## New Horizons



## Creative Alternatives in a Changing World

Wako Securities can help you reach your financial goals, no matter how distant they may appear.

As specialists in Japanese securities and active participants in the key American and European markets, Wako offers a complete line of underwriting and investment services.

Our computerized investment advisory services backed up by the timely and detailed analysis of the Wako Economic Research Institute help private and corporate investors throughout the world to maximize their investment performance while managing risk.

Wako's long experience and broad client base give us the expertise and knowledge to design custom-made solutions to meet your specific goals. Wako Securities—meeting the challenges of global financial management.



Wako International (Europe) Limited

4th Floor, Park House, 16 Finsbury Circus, London, EC2M7D1, U.K. Tel. (01) 374-6055 Telex 884020 (Head Office Tokyo) Paris, Bahrain, Sydney, Geneva, Zurich, Hong Kong, New York, Los Angeles

S  
A  
N  
Y  
O

TOKYO

LONDON

NEW YORK

GENEVA

HONG KONG

BEIJING

PARIS

MELBOURNE

LOS ANGELES

TORONTO

Sanyo are innovators in the exploration of market opportunities and developing new financial packages. And equally innovative in the fostering of genuine internationalisation in their business.



SANYO INTERNATIONAL LIMITED

For further details contact Mr K. Katsuka, Managing Director, or Mr P. Hill, Director, Roman House, Wood Street, London EC2Y 5BP. Telephone: - 01-628 2931

مستأمن الميراث



## FOCUS

## Painful future lies ahead for the modern powerhouse

## INDUSTRY

Japanese industry, the powerhouse that has also been the catalyst for so much industrial development around the world, now faces a future more uncertain than for many decades.

Without careful restructuring it could be suffering from unemployment on a grand scale within a few years.

The causes are international as well as domestic. Slower world economic growth, changing exchange rates and the impact of the United States' huge budget deficit are causing pain for Japan.

But critics of the Japanese system also claim that the country's previous preoccupation with so-called "laser" exporting — a company focusing all efforts on one export product — and its alleged unwillingness to open its own doors more fully to imports, will rebound on industry.

Within Japan, economic growth is faltering, largely because of the high value of the yen, particularly against the US dollar. In 1973-74, the time of the first oil crisis, Japanese growth fell to below 6 per cent and unemployment almost doubled to one million. Last year the economy grew by less than 3 per cent and the number of jobless is now two million.

The country's export dependence is the reason for its industrial aggressiveness. Consider that Japan exports 90 per cent of its video cassette recorders, 89 per cent of its watches, 82 per cent of its 35mm cameras, 81 per cent of its microwave ovens and cash registers, and 80 per cent of its copying machines. It is the classic example of "export or die".

But in the 12 months to July

1986 the Japanese currency rose in value against the dollar from 242 yen to 159 yen (now it is 143 yen) and wiped out the 1.43 trillion yen of 1986 export income, the equivalent of the entire 1985 earnings of the 13 Japanese car makers.

The dilemma is acute. Big price rises are out of the question for the car producers, given the export restrictions and fierce competition, and the fact that producers in countries such as South Korea have been untouched by the fall of the dollar.

Kaneo Nakamura, president of the Industrial Bank of Japan, says that given the sweeping deflationary impact of the rising yen, "Japanese corporations face an urgent need to promote structural reform within their respective organizations".

It is certain, however, that the dynamic Japanese industry will not just await world developments. Time is running out and the way in

## The yen is posing an acute dilemma

which Japanese business bounces back, as most assuredly it will, could also transform the long-term product and development strategies of companies throughout the West.

Mr Nakamura and other observers now believe that the punishingly high level of the yen will dictate the future of many Japanese firms. But there is also clear evidence that corporations are beginning to develop new strategies aimed at producing higher value-added products and diversifying their operations.

Particularly worrying for Britain and its abysmal record of research and development spending is Japanese industry's much increased research and development cap-



Protected peasant: a worker in one of the paddy-fields which still dot the landscape. Japanese farmers are inefficient, high-cost producers, but they are protected against competition from abroad.

acity. Overseas strategies are also being reviewed with the emphasis on foreign direct investment while the increased value of the yen has made possible the purchase by the Japanese of low-value foreign products for incorporation in their own goods.

Companies are switching to production of higher value-added goods and making substantial progress in the area of technical co-operation. Overseas strategies are being reviewed with the emphasis on direct investment in the United States and West Pacific nations and the concentration on manufacturing.

At the same time, Japanese industry is expected to attempt to increase its international competitive position through the import of low-cost components and products and substitute them for local manufactures.

Japan's powerful Ministry of International Trade and Industry expects manufacturing industry to have cut its capital spending by 6.4 per cent in 1986-87, a retrenchment led by the electronics, electrical and industrial machinery sectors.

But big labour lay-offs are a new phenomenon to the Japanese, who are used to a society where jobs for life are the norm, and the outcome could be disturbing. While the information and service industries are on line for a boom, the loss of jobs in the traditional manufacturing sectors could lead to social disorder the like of which has not yet been seen in Japan.

Edward Townsend  
Industrial Correspondent

## Overseas markets lure the billions

## INVESTMENT

The direct counterpart of Japan's huge current account surplus has been a rapid build-up in its overseas assets and, in particular, a sharp increase in holdings of American financial assets, writes David Smith, Economics Correspondent.

Figures released in Tokyo last month showed that Japan's external assets rose to a record \$180.4 billion (£110 billion) by the end of last year, a rise of \$30 billion on the end of 1985. The figures make Japan easily the world's largest creditor country, followed by Britain and West Germany.

Japan's net external assets represent a mirror image of US indebtedness. At the end of 1985, the US owed \$107.4



Catalyst for progress: the Mazda car company in Hiroshima

billion overseas. Last year, this probably increased to around \$200 billion. It is no surprise, therefore, that much of the overseas portfolio investment by Japan has been directed to Wall Street and, in particular, US government bonds.

Last year, Japanese financial institutions bought foreign bonds worth a net \$93 billion, the majority of them US Treasury bonds. As recently as 1980, net purchases of bonds overseas by Japan totalled just \$3 billion.

According to an analysis by American Express, Japanese financial institutions have focused on government bonds because they have adopted a cautious approach to foreign financial markets.

But increasingly, Japan is looking to equity investment overseas, evidenced by the strong interest in Tokyo in Britain's privatization issues, such as British Gas, Rolls-Royce and British Airways.

Last year, only \$7 billion was invested in foreign equities by Japanese institutions. But already this year, there are signs of a rapid acceleration. In the first quarter, investment in overseas stock markets stepped up to an annual rate of \$18 billion, while the rate of investment in foreign government bonds was unchanged on 1986, at \$93 billion.

One surprise, to outside observers of the Japanese financial scene, is that the pace of overseas portfolio investment has been maintained, in spite of the fact that, because of the rising yen, currency losses on such investments appear to be virtually guaranteed.

Before each quarterly refinancing by the US Treasury — when another set of bonds is issued to cover the US budget deficit — there is always a scare running through the US markets that this time, perhaps, the Japanese will not come in, effectively leaving the Americans high and dry.

But so far at least, it has not happened. And it is not difficult, looking a little deeper, to see why.

The Japanese are tremendous savers, encouraged by a tax system which encourages saving. The weight of this saving, when invested in the domestic financial markets, has helped to push the total capitalization of the Tokyo

## Learning to live with a currency loss on paper

stock market higher than that of Wall Street, and far above London.

But in spite of this, there remains surplus money to be invested, and the natural tendency is for this to find its way overseas, as the logical counterpart of the current account surplus.

The Japanese insurance companies and pension funds have learned to live with currency losses on paper because, in most cases, they have made a long-term commitment to the foreign markets in which they have invested. This is underlined by the presence of the big banks and securities houses in all of the major financial centres around the world.

At the end of last year, Nomura Securities International and Daiwa

Securities America were the first Japanese houses to be admitted to the club of primary dealers in US government bonds.

The Japanese securities houses have established an important presence on Wall Street, providing the channel for Japanese investment in the US financial markets. Increasingly too in London, the Japanese have established an important foothold, although they are not, as yet, included among the 27 market-makers in British government securities.

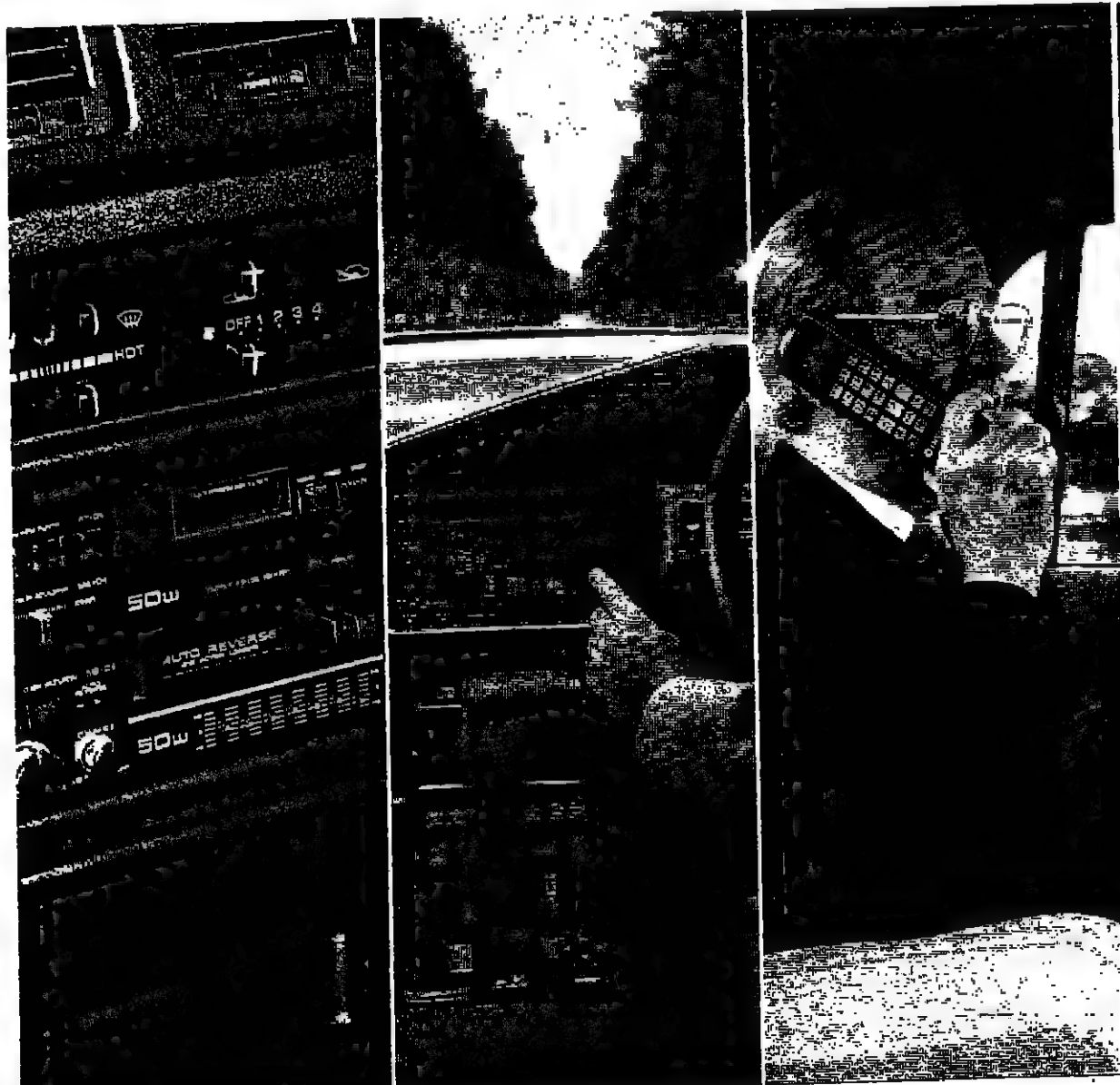
There remains the fear that the Japanese, who have been mainly responsible for allowing the US to run large budget and trade deficits, will not always be willing to pursue the role of lender to the world on unfavourable terms.

This year's rise in yields on the US bond market occurred partly in response to the fear that returns had to be sufficiently attractive to ensure continued Japanese inflows into the United States.

It is possible that Japanese action to reduce its current account surplus, helped along by reform to produce a shift in behaviour away from the current over-emphasis on saving, could produce a temporary vacuum in the international financial system in which outflows of capital from Japan dry up before the US has corrected its budget deficit.

For the moment, however, the Japanese appetite for investing in overseas financial markets shows no sign of abating.

Automobiles should be more than safe, comfortable machines. They should also be able to communicate with the world around them.



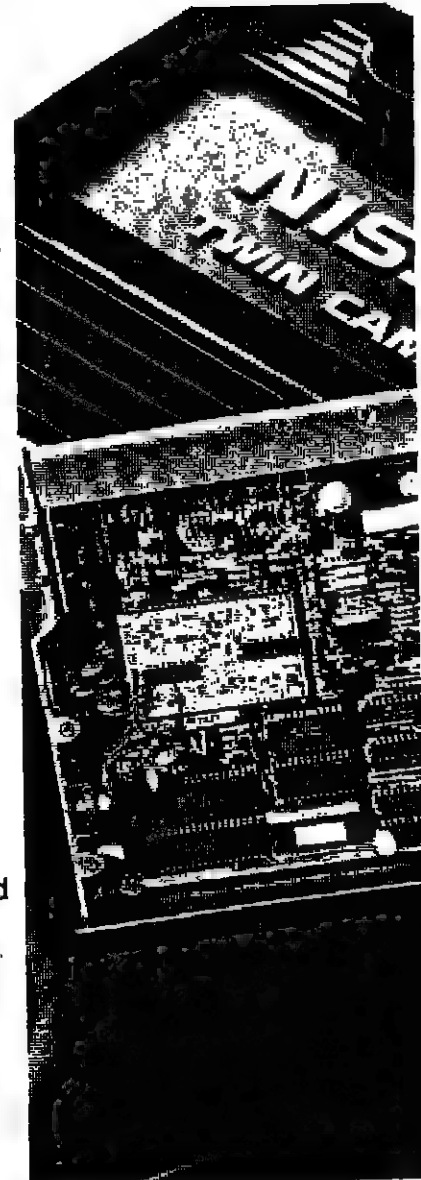
Hitachi's wide-ranging automotive technologies include car audio, the Satellite Drive Information System featured on Nissan's CUE-X concept car, a car telephone, and a microcomputer engine control system.

Recent advances in car electronics technology have been remarkable. They've not only improved basic functions such as engine control, they're now being seen in man-machine interfaces providing more comfort and operating ease, and even in communications with the surrounding world. Down the road there are things even more exciting.

Hitachi's scientists and engineers are at work on a Multi Information System using a colour thin film transistor LCD to display operating information, road maps and a navigational system using these maps. With this system a driver could obtain a variety of driving information simply by touching the display screen. Eventually, he'll be able to issue verbal commands to, for instance, regulate the temperature within his car. Hitachi electronics and semiconductor technology can also bring free communication with the outside and determine a car's exact location through use of Global Positioning System satellites.

Hitachi have also developed a highly acclaimed hot wire air flow sensor used in engine management. It helps achieve the diametrically opposed goals of maximum power and fuel economy. And we've created many other superior products for driving control, suspension control, air-conditioning and audio.

We link technology to human needs; and believe that our special knowledge will create new, highly sophisticated functions that are also easy to operate. Our goal in automotive electronics — and medicine, energy and consumer electronics as well — is to create and put into practice innovations that will improve the quality of life the world around.



**HITACHI**

Hitachi, Ltd. Tokyo, Japan



JAPAN/6

## FOCUS

# Threats change a trading policy

## ANGLO-JAPANESE RELATIONS

Japan's perennial surplus on visible trade with Britain rose to £3.7 billion last year, much more than total British exports to Japan. The rising yen and import promotion will reduce but not fundamentally change that for years ahead.

In a world of multilateral trade, in which Britain has been in overall surplus for most of the last decade, that should not matter. So long as it persists, however, trade relations between the two countries will be vulnerable to periodic outbreaks of political hostilities in which Japan is endemic cast as the scapegoat for the ills of British manufacturing industry.

A particularly virulent strain of the disease surfaced this spring in the populist atmosphere of the run-up to a general election.

It was triggered, accidentally, by the British Government's routine support for a bid by the recently privatized Cable & Wireless to win a leading minority role in the franchise to run Japan's alternative international telecommunications system.

When the Japanese industrial establishment closed

ranks against the bid behind the Ministry of Posts and Telecommunications, C & W resorted to loud political lobbying, winning a personal intervention by Mrs Thatcher with Yasuhiro Nakasone, Japan's prime minister.

That proved crucial. Once Mrs Thatcher's intervention, and its lack of effect, became known, the apparent rebuff was derided by the Labour Party. Government and Opposition started a bidding competition as to who could take a tougher stance against Japanese intransigence.

The immediate issue was unreal. It would be a courageous gesture of great value to free trade relations for Japan to allow a foreign operator to play a leading role in liberalizing its telecommunications system. To miss the opportunity of such an initiative would, however, hardly constitute a blatant case of the hidden protectionism which Japan's trading partners blame for trade imbalances.

Concessions made under pressure

ing its telecommunications system. To miss the opportunity of such an initiative would, however, hardly constitute a blatant case of the hidden protectionism which Japan's trading partners blame for trade imbalances.

Once the issue was joined, it nevertheless became the focus for other cases where there were negotiations over entry of British service firms into Japanese markets. Oddly, the

more genuine current British complaint, against the protective effect of Japan's liquor taxes, which have long discriminated deliberately against Scotch whisky imports, played relatively little part in the row.

Through excessive caution, reportedly from the Finance Ministry, Japan made compromise concessions on the liquor-tax regime too late in the day and the dispute is now formally before Gatt.

Both affairs could do lasting damage.

Concessions have now also been made to speed up entry of British securities firms and to bend Japan's rules separating banking from securities businesses to accommodate British and American banks.

Such last-minute concessions, made under pressure, encourage the claim (apparently confirmed by parallel US-Japan disputes) that the Japanese respond in trade negotiations only to heavy threats and discriminatory sanctions.

But a Japanese government now trying to take a lead in preserving open trade must take most of the blame if, instead, it finds itself continuously on the defensive against anti-Japanese trade rhetoric abroad.

This year's avoidable row could have more far-reaching



effects in bolstering the protectionist tendencies of the European Community as a whole.

Certainly France, Italy and the European Commission have seized on the opportunity to tempt Britain into the camp promoting further artificial anti-dumping disputes, discriminatory actions and collective moves to manage EEC trade with Japan.

This would be most unfortunate. Until now, Britain and Japan have been natural allies in keeping markets open and Britain's Department of Trade has played a significant role in limiting Continental protectionism. Despite all the

well-known cultural differences, there is a natural affinity between island trading nations which have chosen to drive on the same side of the road. There has been more (if insufficient) personal interchange in recent times between the British and Japanese, not least through tourism, than with other European nations.

The British public acquired a taste for reliable Japanese consumer durables, which were often kept out of Continental markets, and provides a powerful consumer lobby for open trade.

This has brought substantial

mutual benefits. Japanese financial institutions have been welcomed in the City of London for many years, helping their international expansion. Now that Japan's surpluses have made them the main conduit for the world's free overseas investment capital, they have greatly helped London strengthen its position as the leading international financial centre.

Britain has also been the most natural location for Japanese industrial investment in the EEC, initially mostly in consumer electrical goods.

Japanese companies have

Two of the assembly lines for Sony Walkmans, destined to contribute to Japan's controversial trade surplus with Britain and other European countries

acted as a catalyst to improve British manufacturing management, through the improved morale in countless factories, through the spread of techniques such as quality circles to involve production

C & W affair was a salutary warning

workers in improving production methods — and not least through the voluntary introduction of single-union plants, no strike agreements and the attendant improved arbitration techniques for pay and other disputes.

These long-term bonds might be relied on to prove a stronger force than this year's somewhat artificial outburst of anti-Japanese jingoism — were it not for the European protectionist dimension.

As it is, the Cable & Wireless affair should provide a salutary warning both to the Japanese government and companies, and to all those in Britain who favour free trade and have taken for granted the advantages of closer economic commercial and industrial links with Japan.

Graham Searjeant  
Financial Editor

# "TOGETHER"



Europe has become a global community. To help it grow we have to get together. Because, together we can bring new qualities to our lives here in Europe. We can enjoy new ideas, new challenges and new life styles. So let's get to work on tomorrow, today.

Already, we're co-operating in twelve European nations. We've established financial teams in London and Amsterdam to raise financing in Europe for investment in Europe. And in communities where we do invest, we operate on the principle that our activities should pay dividends for the host community.

Together we've also built manufacturing facilities in England, Germany and France. In locations that benefit both the community and our production plans. And we're also pleased to have increased our technical tie-ups with European partners in the areas of semiconductor research and product design.

Where possible, we find European sources for the materials we use in our products. Such as silicon polycrystal from Bavaria, considered by many to be the finest polycrystal in the world.

For years, we've involved ourselves in co-sponsoring various events in Europe. From classical concerts in London to Japanese sumo wrestling in Paris. And we even sponsor a team in the Tour de France.

We are a leading integrated electronics manufacturer. And all of the above examples embody our wish to bring new qualities to our lives. Not merely by selling our products, but by making real contributions to our communities and our daily lives.

From a manufacturing facility in Brittany to an art exhibition in London, our wish is to bring new qualities to the lives of people all over Europe.

And with your help, that isn't just wishful thinking.

In Touch with Tomorrow  
**TOSHIBA**

## Shake-up in the lifetime jobs system

### EMPLOYMENT

The big Japanese corporations have traditionally adopted a lifelong employment and strict seniority promotion system. The reasons for this are multiple.

Religiously speaking, Japan is a Confucian country where harmonious human relationships are considered most important; they are maintained by respecting a hierarchy dictated by age.

Sociologically speaking, it was not long ago that Japanese society comprised agricultural communities. Rice was grown with co-operative labour, and individual idleness might have led a whole community to starvation.

Demographically speaking, Japan is an overpopulated nation with meagre natural resources. If unconditional free competition had been allowed, half the population

Security, comfort and solidarity

would have starved. In order to survive, society was regulated by a system of promotion based on seniority.

The lifetime employment and seniority promotion system has provided the Japanese with security, comfort and solidarity. A man can work peacefully for one company all his life, be provided with fringe benefits such as bi-annual bonuses, vacation facilities and insurances, and retire with a pension.

Despite undoubted benefits, however, this system has bred negative elements as well. Lifetime employment deprives Japanese workers of the option to work for other companies. Workers cannot move because no other company would accept them, and they would have to forgo their substantial pensions.

Circumstances have changed, however. During the 1960s and 1970s, when Japan enjoyed a remarkable level of economic growth which had never been achieved in world history, a great many new college graduates were hired every year.

But the world economy is saturated now, and no single country, even Japan, can continue to enjoy such a high growth rate. There are not enough respectable posts to be given to all older employees.

The lifetime employment system does not allow Japanese companies to lay off or dismiss workers. What to do with unnecessary employees is now a serious problem for management.

Old and "unwanted" employees are called the "by the window tribe" behind their backs because they are left alone at their desks by the window with nothing to do but read papers or doze in the warmth of the sun.

The pressure for change comes from foreign companies and an ever growing number of joint ventures which operate on the free

competition principle, requiring different types of people from those traditionally appreciated by Japanese companies.

Such people have to be creative and innovative, flexible and risk-taking, qualities that have rather been frowned upon in traditional Japanese companies.

Financial analysts who are well versed in both eastern and western economic institutions are also needed. And rapid computerization requires yet another type — high-tech-orientated professionals.

At the same time appreciation of the yen calls for internationally minded, strategically orientated, creative people with vision and flexibility — and a great deal of exposure to foreign cultures.

Again, however, Japanese companies have been reluctant to train or encourage their employees to have such experience. Out of necessity, they send their personnel to their foreign offices for a few years, but being abroad tends to decrease the employees' prestige in their company and does not speed up promotion.

The traditional demand-supply pattern has already been affected. Young graduates have a new attitude to working for foreign firms. It used to be less prestigious, the implication being that it was not likely to be permanent employment. Today, however, it is highly regarded to work for IBM or CitiBank or GE.

But these foreign companies do not have the lifetime employment system or the strict seniority promotion system. Creativity is encouraged and options to move to other foreign firms are open. Since these foreign companies pay well, it is beginning to be considered fashionable to move from one to another.

"Head-hunters" have been approaching highly qualified professionals, convincing

New deal for professionals

them to leave their companies and all the fringe benefits to which they are entitled, including pensions, for other companies, be they foreign or Japanese, with higher compensation.

In response, leading Japanese companies have also started to hire mid-career professionals. Until now they have enrolled them on a separate track from regular employees, with a different wage system.

But in September last year Mitsubishi and Mitsu Bank, two of Japan's largest, announced in succession that they would begin to recruit middle management as regular employees.

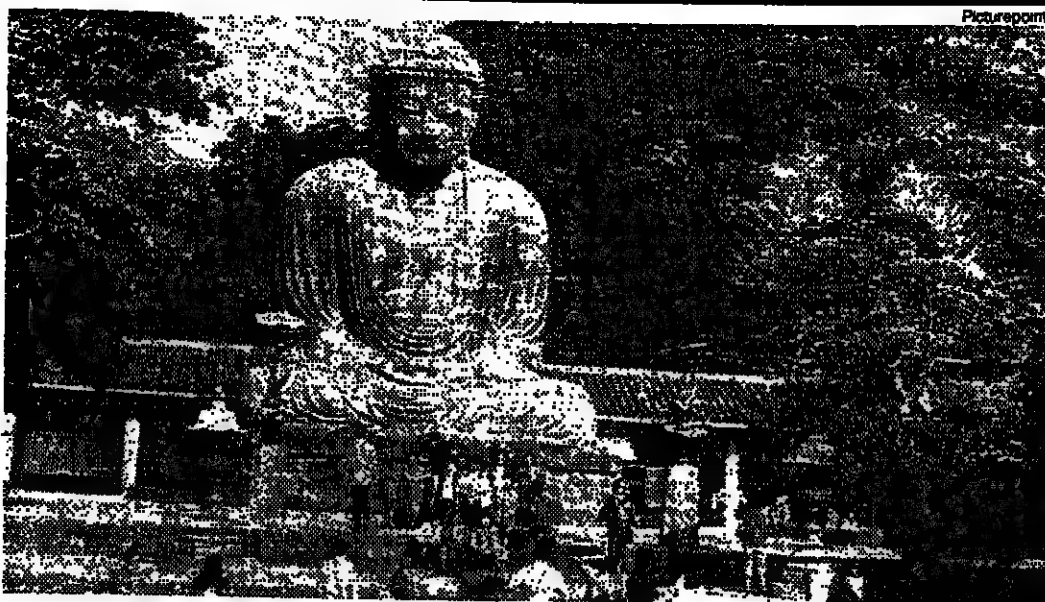
This formal recruitment by Japan's leading companies of elites in mid-career will extend quickly to other institutions in Japan, shaking up the long established lifetime employment system.

Jiri Tokuyama  
Ambrosini Consulting Group,  
Tokyo



## FOCUS

日本 JAPAN/7



## Bronze of ages

The Great Buddha at Kamakura, 30 miles from Tokyo, was cast in bronze in 1252 and is the second largest in Japan. It is one of many monuments inspired by a religion imported to Japan in the sixth century.

## Market opens for quality goods

In an hotel bar a group of Britons traded success stories over glasses of beer. They were among the latest in a steady stream of representatives of small and medium British companies trying to find small but lucrative niches in a market where the quality and prestige of European goods is respected, writes David Watts.

They included a car designer, furrier, a man from a specialist engineering company and a member of a ceramics firm, all taking advantage of the strong yen to promote their wares with offers many Japanese are finding difficult to refuse.

Europeans are benefiting much more from the advantages that the Japanese market now offers than is the United States, despite the massive devaluation of the dollar against the yen, which, in fact, has brought much less advantage to European firms than to American.

The British businesses represent precisely those sectors in which trade between Japan and the European Community is increasing fastest, those with higher added value.

Office machinery, medical products, iron and steel, clothing and cars are strong European exports, with the latter the most visible sign of Japan's willingness to import more.

BMW and Mercedes are the two most visible European cars, with Jaguar making a strong comeback after some years in the doldrums caused by a reputation for poor quality. The new Honda-built Rover for the domestic market is now being promoted on Japanese television and in the press.

Jaguar is starting to make the sort of strong commitment to the market that is necessary to succeed. It has established its own subsidiary company instead of dealing through agents and has learned that a demonstrated long-term commitment to the market goes a long way, particularly in consumer durables, which need maintenance. That kind of



organizational determination is needed to get into the Japanese market and to overcome what are still the major barriers to foreign imports — the distribution system, an exceedingly strong loyalty coupled with the belief that Japanese products are better than anyone else's, and a consumer movement militantly opposed to any increase in what they call shoddy foreign products.

Of these barriers the distribution system is among the most formidable, with imports going through seemingly innumerable layers of middlemen and distributors before reaching the shops.

Many European luxury consumer imports are inherently high-priced. Because of the nature of the Japanese

## High prices give an air of exclusivity

market, with a strong tradition of seasonal gift-giving, both in winter and summer, in which one person's regard for another matches the size of the price tag, price-cutting is not necessarily an advantage, though there would no doubt be widespread acceptance of lower prices for imported Scotch whisky.

In a survey carried out last year by the Economic Planning Agency, a bottle of Chivas Regal in Japan cost 10,000 yen (about £42.40) while it sold for the equivalent of 3,530 yen (£15) in London and 2,969 yen (£12.60) in Washington. Scotch whisky was not alone among imported products not reduced in price in spite of the weakening of the yen.

There are various reasons for this: distributors often fear that sizeable price

cuts in their lines of what the consumers see as European exotica would deprive them of their air of exclusivity and destroy the market. A case in point was when parallel imports of cut-price Scotch began, and the result was a decline in demand. Also, some whisky importers would rather spend any increased revenue on promotion and advertising than price-cutting.

Six months after the yen started to appreciate, a survey by the Ministry of International Trade and Industry showed that only four items — shirts, sports shoes, watches and tennis rackets — had significantly reduced in price.

A second survey at the beginning of this year showed cuts in 14 product areas and small cuts in 15 others.

Two other factors militate against further expansion of imported consumer goods. The phenomenon of small shops carrying the products of a single manufacturer is still common, particularly in electrical products, a practice which a foreign firm could scarcely hope to repeat.

The second factor is a law which limits the expansion of big stores. Such expansion is subject to the approval of the local chamber of commerce which, having a majority of small shopkeepers in its membership, is unlikely to look with favour on either the expansion of floor area or the building of new stores.

Despite these pressures the Daiei supermarket chain has moved aggressively to promote the sales of cheaper imported products, featuring, at one time, a Marks & Spencer corner in one of its principal Tokyo stores. The section was closed after the imported clothing items proved to be about one year behind fashions in Britain.

If Japan is to expand its domestic demand through increased imports, clearly both exporters and importers have a good deal of progress to make.

## How to track down smart investments in Japan.

Investing in Japan is anything but elementary. It takes experience. Extensive research. Insight into the facts. The ability to interpret them accurately. And finally, an informed opinion. In the Japanese securities market Nippon Kangyo Kakumaru (Europe) Limited has a long, impressive record. In handling securities, equities, convertibles and bonds, we've helped investors worldwide profit by our deep understanding of the Japanese market and the right portfolio

mix. We can help you, too, with the close attention many companies seldom provide. Try us.



NIPPON KANGYO KAKUMARU (EUROPE) LIMITED

Garden House, 18 Finsbury Circus London EC2M 7AT. Tel 638-4871 Telex 886221

CAST A NEW EYE ON GLOBAL SECURITIES

## The power to communicate



New Japan Securities are one of Japan's largest securities houses.

Extensive knowledge of Japan's dynamic home market, together with versatile international expertise, saw significant growth domestically and worldwide during 1986.

In whichever area you wish to participate, we're confident it's worth taking our view of it.

NEW JAPAN SECURITIES EUROPE LIMITED

4 FENCHURCH STREET LONDON EC3M 3AL TELEPHONE 01-638 1111 TELEX 880585 NIELD L3

HEAD OFFICE 6-20, Kyobashi 1-chome, Chuo-ku, Tokyo 104 Japan Telephone 03 561-1111 Telex 322665

Overseas Offices and Subsidiaries: Sydney Seoul Beijing Bahrain Frankfurt Paris Hong Kong Zurich Geneva New York Los Angeles

Personal Computers, Printers, Disk Drive, Facsimile, PBX, Key Telephones, Mobile Telephones, Radio-Pagers, TV and Video.

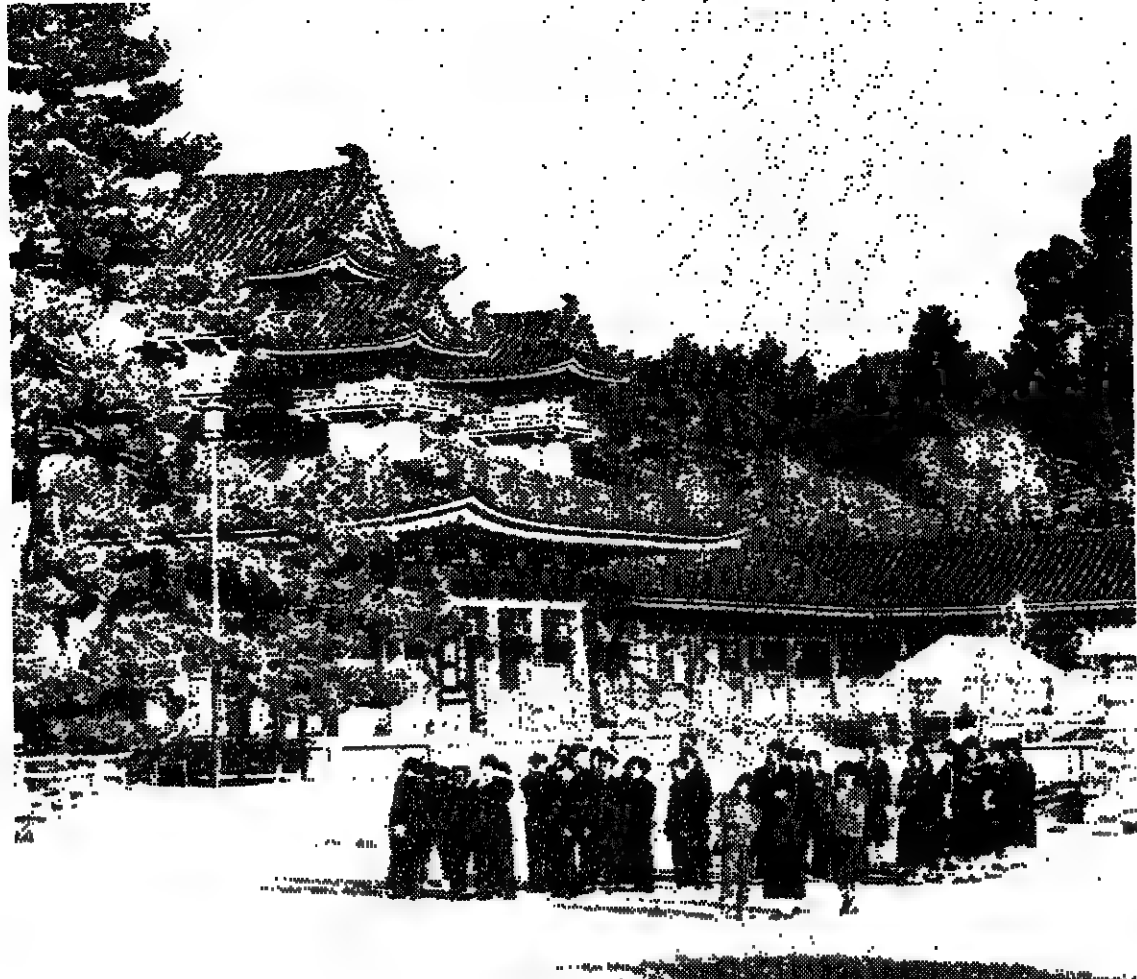
NEC Business Systems (Europe) Ltd. NEC House 1 Victoria Road London W3 6UL Telephone: 01-993 8111

C&amp;C Computers and Communications

NEC



Picturepoint



The Heian shrine: a favourite of all visitors to Kyoto, the capital of Japan in 794 and now a middle-sized city

## Inns of the tourist happiness continue ancient traditions

### TOURISM

Sitting on the floor on a tatami rush mat, and being served an array of delicacies by a smiling lady in a kimono, is one of those unforgettably exotic experiences. The room is decorated in the traditionally restrained Japanese style, with sliding paper screens, and has a veranda looking out over a tiny garden, where water trickles from a bamboo pipe.

Not all Japanese hotels are like that. There are any number of western-style hotels which are similar to those in Europe or the United States. But it is a sign of the Japanese determination to retain their own national identity that the *ryokan*, or Japanese-style inns, continue to flourish.

My room, at a *ryokan* in Kyoto, the former imperial capital, was in no way old-fashioned. It was air-conditioned, and had a telephone and a colour television set in the corner. But the old ways were retained, and that meant that after dinner, served on the low table in the room, a futon mattress was laid out on the floor for me to sleep on. It was removed again in the morning.

Seen from a distance, Japan can appear quite daunting — the inscrutable language, the teeming millions in the cities, the strangeness. But for all its crowds, or perhaps because of them, it is a remarkably orderly, well-organized country, with a fascination of its own.

It is also closer than it was. Since last year

Japan Air Lines has had non-stop flights from London to Tokyo, crossing the vast expanses of Siberia, and it has now been joined by both British Airways and British Caledonian. So it is possible to fly from one extremity of the Eurasian continent to the other in 11 and a half hours, with the benefit of a Japanese meal on the way.

Tokyo is bustling, crowded and at night brightly lit — a well-dressed and prosperous city, where pedestrians wait for the lights before crossing the street. For those looking for something traditionally Japanese there is the Imperial Palace, long the seat of the Tokugawa shoguns, now hidden behind a

### Legend of the malevolent giant spider which is finally tracked down

moat and high ramparts; or the Meiji Shrine, which commemorates the Meiji Emperor who took their place in 1868.

The shrine is an imposing building, built in the middle of thick woods, with a ritual based on Shinto, the ancient religion of Japan. Today's Japanese are not in general very religious people, but in June, in particular, the woods are thronged by groups who have come to see the irises in flower.

In Ginza, a lively area in the centre of Tokyo, is the Kabukiza, the theatre for another Japanese tradition, Kabuki, a stylized form of acting and dancing. I saw two plays there. One, *Tsuchigumo*, dealt with a typically legendary story about a malevolent

giant spider which is eventually tracked down and killed. The other, *Meigetsu Hachiman Matsuri*, had a 19th-century theme: a countryman falls in love with a Tokyo geisha, is tricked by her and has his revenge.

For anyone visiting Japan for the first time, however, the Kyoto area, just over 300 miles from Tokyo, has to be a priority. Kyoto, now a middle-sized city, became the seat of the Emperor until the Meiji Restoration in 1868. Nara, 26 miles to the south of it, was the capital even earlier, from 710 to 784.

Both have magnificent temples, large and small, and innumerable works of art in them. In Nara, for instance, some of the buildings at the Horyu-ji temple are said to be the oldest surviving wooden structures in the world, dating back to the seventh century; while the bronze Buddha in the huge temple of Todaiji, cast in the eighth century, is 49ft high.

Kyoto at first sight is just another busy Japanese city. But it was deliberately spared allied bombing in the Second World War, and it is a city to linger in, with enough to occupy the careful sightseer for days, or even weeks, on end.

On the edge of the city is the Zen temple of Ryoan-ji, built at the foot of the hills and surrounded by woods, with a lake covered in water-lilies. Built in 1450, it is a perfectly peaceful place, and has the most famous of the Zen rock gardens, in which simple rocks stand in a sea of carefully raked grey shingle, providing matter for infinite meditation.

Peter Strafford

## Fantasy with shocks on the modern stage

### THEATRE

The recent trend of enterprising promoters bringing young Japanese theatre troupes to the Edinburgh Festival, London, Paris, New York and other leading world cities, shows that there is more to Japan's cultural life than Noh, Kabuki and Japanese actors in ginger wigs dourly going through the motions of Shakespeare and Shaw.

Japan has a vibrant contemporary theatre organized into troupes and known variously as the "little theatre movement", the avant-garde, or *angura* (underground), from its 1960s student origins. Apart from those groups that have hit the big time and gone commercial, most performances can be seen in small halls and makeshift premises.

Despite Japan's massive trade surpluses, contemporary arts receive no public subsidy (the state stipend is reserved for more traditional forms). Tokyo's scores of troupes earnestly giving their all, without pay, for a few performances a year to a small coterie of loyal followers, barely survive.

Members support themselves by part-time jobs. Any profit from performances is channelled back into the company savings account for the next production. Though the set-up may seem amateurish, the effort and commitment to achieving that perfect Japanese product undoubtedly qualify as professional.

While Japan's avant-garde theatre originated as one of protest, nowadays its character and audience have changed. Radical and impoverished 1960s students asserting a new-found national identity and mining their rich Japanese past for inspiration, have been replaced by today's materialistic youth, more interested in futuristic themes.

Happier with light entertainment, preferably coupled with a therapeutic letting-off of steam, today's modern theatre — audience and players alike in their late teens and early twenties — is for the young, by the young.

### Pop, zap and bits of video

Nonetheless, much of the influence of the original 1960s survives in form, if not content. Reality mixed with layers of fantasy — nowadays often science-fiction — result in original plays that are colourful, fast-paced and athletic.

A kaleidoscope of ingenious stage effects and frozen tableaux recall variously pop art, the zap of the ubiquitous Japanese comics and the quick scene cuts of TV and video.

Super-eclectic and free of hang-ups about such western notions as logic or consistency, the possibilities for inventive, uniquely Japanese combinations are endless.

Michael Morris, theatre director at the ICA, the most usual London venue for visiting Japanese troupes, interprets this typical montage as a phenomenon of today's Tokyo city culture, where "a multitude of information is conveyed all at once by a bombardment of fragments — aural, visual, pop, cultural, sensual". The only city in the

world to assault the eye and ear with so many neon and electronic images, spell-out messages and sound effects — and to traverse 2,000 years of history in the blink of an eye — exerts a profound influence on today's contemporary theatre.

Plots jumping about in such alarming fashion, surreal images, daring mixes of time and space typify such troupes as Banyan in Ryokyo and Kishida Jimusho.

The all-female Aoi Tori, in addition, spice their fantastical plots with snappy humour.

Social concerns feature in the work of groups such as the Noise troupe. They use videos not only to voice anxiety about Japanese society, with little concept of privacy, behaviour constantly under surveillance and the dehumanizing effects of high technology.

In the autumn, Europe will have the opportunity to see one of Tokyo's most important young troupes, Dai San Erotica. Also rare in their focus on social and political themes, in Paris and elsewhere they will perform their *Japan Wars*, a futuristic condemnation of the mindlessness of war.

One of their most striking recent works, *The Last Frankenstein*, documented an all-too-real previous spate of teenage suicides in Japan. After ascents into surrealism and the grotesque, and scenes recalling the film, *The Exorcist*, the play ended on a sombre note.

### Youth's style and hedonism

Along a desolate park swept by a howling gale, to music from Fauré's *Requiem* were ranged black-framed Buddhist photographs of the dead youngsters. The ending constituted a poignant message to Japan's youth from their contemporaries.

Serious social matters, however, are far from the mind of the Japanese troupe bound for this year's Edinburgh festival. Yumeno Minsha. There was much adolescent boisterousness and language comprehensible only to young fans in their most recent performance, *Akarui Boken* (The Light Adventure).

Based on a legend about a quest for El Dorado, the play typified not only their style, but the hedonism and carefree attitude of today's youth, about which Japan's older generation constantly frets.

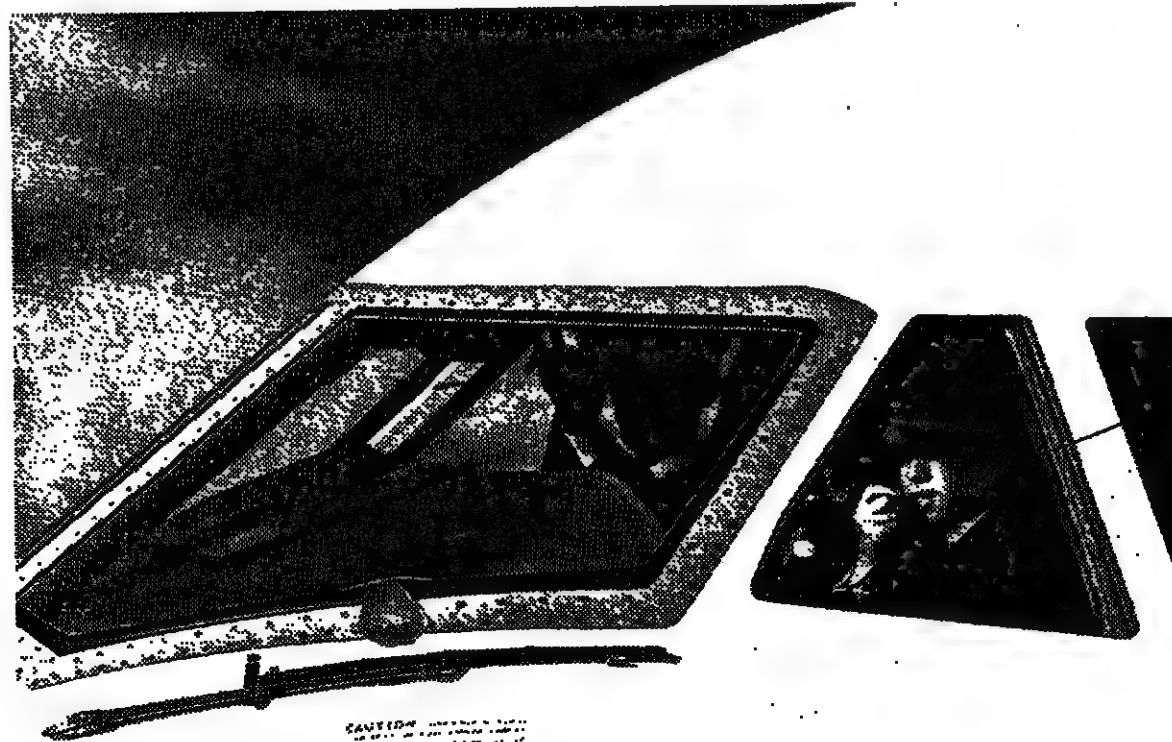
For their high-spirited revue-like atmosphere, Yumeno Minsha have become a cult, polled for several successive years as Tokyo's most popular troupe — so much so that 200 of their well-heeled fans will pay an astounding £2,000 to travel to Edinburgh to cheer on their idols.

Being supported by this affluent young set — termed *shinjinru*, new species, by demographers — and the ad-men who cater to their expensive tastes, has enabled Yumeno Minsha to "go commercial".

However, all is not lost. Some of the original 1960s troupes have only in recent years been discovered by the West and are now in great demand around the world.

Marie Myerscough

# ONLY ONE AIRLINE FLYING NON-STOP TO TOKYO FOUR TIMES A WEEK CAN SAY THIS:



"GOOD EVENING,  
LADIES AND GENTLEMEN,  
AND WELCOME ABOARD."

ONLY JAL FLY FROM HEATHROW EVERY MONDAY,  
TUESDAY, WEDNESDAY AND SATURDAY EVENINGS  
AT 1930 ARRIVING IN TOKYO AT 1510.



**JAPAN AIR LINES**  
EVERYTHING YOU EXPECT AND MORE.







## Motoring by Clifford Webb

**BMW 325i Convertible:** weight redistribution makes for crisper handling

**BMW has taken a long time to produce a modern topless car. It is 28 years since the last one — the 507 convertible — went out of production. Their tardiness is understandable. Light-weight sports saloons which are already a little "nervous" on wet roads can become positively frightening when the roof is cut off.**

Stripping back the carpet in the 325i convertible, and some detective work over an inspection pit, reveal the extraordinary lengths BMW has gone to to make it rigid. Reinforcement in the shape of steel patches and heavier gauge metal appear in 12 key positions. There is also extensive use of continuous seam welding instead of spot welds.

As a result of these modifications, the convertible introduced last summer is such a swift car as the 171 bhp,

**Vital statistics**  
Model: BMW 325i convertible.  
Price: £19,895.  
Engine: 2494cc, six cylinder.  
Performance: 0-60 mph 8.4 seconds, maximum speed 134 mph.  
Official consumption: Urban 22.6 mpg, 56mph 44.1mpg and 75mph, 34.4mpg.  
Length: 14.2 feet.  
Insurance: Group 7.

287lbs heavier than the 325Si saloon. The effect on performance is negligible. The 0-60mph time is reduced from 8.2 seconds to 8.4 seconds. But there is also a significant plus. Cutting the roof off and adding all that extra weight

low down has made the convertible noticeably crisper in handling. It hugs the road closer on high-speed corners and while the rear will still break away in extremis, its safe limits are now higher. In six-cylinder, 2.5 325i that is more than welcome.

The test car was free of the

convertible's traditional problem "scuttle shake." But there was still an occasional creaking sound from somewhere in the rear. It was relatively subdued but annoying in a car costing nearly £70,000.

In our climate, an easy to erect weather- and draught-proof hood is a necessity not a luxury. The 325i's is incredibly good. No locks or studs and direct erection helped by two gas filled cylinders in the frame. The test was carried out in one of the wettest periods so far this year.

Except for the more restricted visibility I was never conscious that it was "a rag top" and not a saloon.

Unfortunately, the hood stowing compartment has pinched several inches from the rear passenger space. As a result, the front seat slides have had to be shortened to provide foot room for passengers. The driver's seat cannot be pivoted and lowered at the rear to give him marginally more leg room. I could never get my 5ft. 9in. in a comfortable position. It is a poor compromise.

## How a little Charade confounded sceptics

Diesel cars have come a long way in the last three years. Even so, the prospect of a 993cc, three-cylinder diesel powered Daihatsu super mini as the family transport for the next six weeks did not fill my wife with glee.

Such a small diesel engine would surely make the car painfully slow carrying only a driver. What would it be like when it had passengers and the contents of a large supermarket trolley, she asked?

I hasten to point out that the tiny engine was turbo-charged and judged by my experience during pre-launch tests in Spain would be surprisingly quick. She remained sceptical until the day the car was delivered.

Her conversion was quite abrupt. She returned from her first shopping trip to announce: "It is astonishing. It starts instantly and is quite as fast as the 1.5 litre petrol car I drove last week. In no time at all you forget it is a diesel."

My conversion took a little longer. When you drive so many cars you tend to become rather cynical of claims, whether by your wife or a manufacturer. Launch tests tend to be flat out affairs. Driven like that the turbo boost is "in" more than it is "out" — hence the performance is impressive. But how would it stand up to being driven day in and day out at speeds reflecting the changing moods of the driver?

**The answer is magnificence.**

**Vital statistics**  
Model: Daihatsu Charade CX  
diesel turbo.  
Price: £5,699.  
Engine: 993cc, three cylinder  
turbo diesel.

**Performance:** 0-60mph 15.1 seconds, maximum speed 87mph.  
**Official consumption:** Urban 57.6mpg, 56mph 78.5mpg and 75mph 49.6mpg.  
**Length:** 11.8 feet.  
**Insurance:** Group 4.

## Charade Diesel Turbo: flexible and practical

cently. The new Charade Turbo Diesel is a flexible, practical car with a spacious, well equipped VW Golf look-a-like body.

I have stressed its performance and flexibility before talking about its biggest asset - economy - to indicate that there is nothing 10y-like about this newcomer. It is also the most economical production car on sale today. A party of Nottinghamshire miners recently drove it for 3,684 miles round the coast of Britain and got 78.4 miles per gallon - nearly 10 miles more than the previous record holder, a Peugeot diesel.

I returned a more practical 43mpg over the test period, but 50mpg is well within reach for moderately light-footed drivers.

**Diesel warning:** Independent testing of diesel fuel on sale in 14 European countries suggests wide variation in density, viscosity and oxidation. A survey published by Ethyl Petroleum Additives says this affects performance, economy and exhaust emissions. It concludes that if tighter European emissions levels are to be met diesel fuel will have to become much more uniform.

332 1066 office 0836 22738  
anytime.

**BMW 725i SE 1984, 41,000**  
miles, white & BMW spoiler. 5  
speakers & air cond. 10 months  
guarantee remaining, parts &  
labour. Absolutely immaculate.  
£11,995. Tel: 01 741 8330.

2251 - 2 dr. 1996. C res. Met.  
luxury. GTG. EPA, sm.  
catalytic conv. 100% 100%  
1996. 15,000 mi. \$23,400. Tel.  
0734 453500. after 7:00 pm

**CAMARILLO Ford 1968.3** year old. 25,000 miles. Silver metal. Extra. immaculate. A test. Lady owner. \$2,499. 705004 the home.

**Telephones 07464 270**  
**Worfield Garage Bridge**  
**Marlin Shropshire.**

**Horton Way Motors**  
0462 678191

anytime Monday to Friday.

SEE Turbo 2,000 miles, 2 months old, black with black leather. Best price, please Pearl on 01 541 0547 04 01 385 3344 (W).

544 LUX 2000, 1986 C Reg. Guards Red with light grey P/S Interior. Extras include central locking. 215/60 tyres. New. Regs. CCM, 10,000 miles. 1 lucky owner. Immediate cash, £18,500. Tel: 057 287271 (Northants).

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26



















MINISTER TO ACT ON TWO OF THE MOST URGENT ISSUES FACING BRITISH SPORT

# Wimbledon urged to conform

Colin Moynihan, the new Minister for Sport, wants drugs-testing to be carried out at Wimbledon and all major international sports events in Britain, whether amateur or professional.

Mr Moynihan, a former member of the Sports Council Drugs Abuse Advisory Group, said yesterday he was prepared to write to the All-England Club saying that he hoped "they would like to see a tough code of conduct, drug tests and appropriate action taken by the relevant body at the championships".

Players at this year's tournament, which begins on Monday, are highly unlikely to be tested for drugs, partly because of a conflict between the Lawn Tennis Association, the governing body, and the Men's International Professional Tennis Council.

A letter from the LTA, declaring its annoyance about drugs-testing procedures at last year's Wimbledon, has upset the MIPTC and led to the probable absence of any controls.

In 1986, testing was introduced for the first time on 175 male players and 30 umpires. But the results and identity of anyone found positive were kept secret by the MIPTC on condition the individual underwent psychiatric treatment.

This decision led to Scotland Yard covering Wimbledon of a potential drugs cover-up because the testing would include illegal drugs, such as cocaine and heroin.

Mr Moynihan, an Olympic silver medal winner in rowing and an Oxford University

Colin Moynihan, the new Minister for Sport, talks to John Goodbody about the dangers that drugs pose to the future of all sport.

boxing blue, stressed yesterday that the Government had no direct control over professional events such as Wimbledon but he would try to "influence professional bodies to implement drug-testing and a tough code of conduct as appropriate."

"The abuse of drugs poses one of the biggest challenges to the future of sport. We are very much in danger that if we do not take a tough line it would lead to an ending of fair competitive sport," Mr Moynihan told *The Times*, although he also praised the pioneering resolution of the Sports Council and many governing bodies in trying to eradicate the taking of drugs.

The Sports Minister said he was also waiting for a report "within a matter of weeks" regarding snooker players taking beta-blockers, which are banned by the Sports Council even with a medical certificate, but not by the World Professional Billiard and Snooker Association.

In April, when the controversy was at its height during the world championship, Mr Moynihan said of two players who had admitted taking beta-blockers for medical reasons that one, Rex Williams, should resign as chairman of the WPBSA and the other, Neal Ford, should "lay down his cue. What Mr Ford has ingested courtesy of the

chemists laboratory his opponent has to match in additional skill".

Mr Moynihan is also to talk to the Test and County Cricket Board about the meeting on June 26 when the International Cricket Conference will consider a West Indian resolution that cricketers should not in future play for their countries if they have "any sporting contact with South Africa". Mr Moynihan went to Lord's yesterday to meet members of the TCCB informally.

Mr Moynihan said: "I will be accepting the Cricket Authority's wish to talk to me about the implications of the June 26 meeting." He said that although he was firmly behind the merits of the 1977 Gleneagles Declaration, he added: "I do not believe that the current call for far tougher sanctions, which a number of countries are apparently putting forward to the ICC conference, is in line with Gleneagles and I believe from what I understand that they go too far."

He said that he would discuss the entire situation with the TCCB before being able to give a commitment as to whether the Government would attempt to dissuade English cricketers from visiting South Africa.

Although there is no discrimination between teams and individuals in the wording of the Gleneagles Declaration, successive Governments have previously adopted policy to dissuade teams — such as the British Lions 18 months ago — from visiting the Republic.



Moynihan: quickly into his stride after taking over from Dick Tracey

## GOLF

### Curtis Cup players prove the cream

From John Hennessy  
The Hague

Penny Grice-Whittaker, a former English stroke-play champion, tapped in her second putt at the 496-yard 18th hole of the Hague Golf and Country Club yesterday and so broke a four-year tie for the lead in the £50,000 Volmac Women's open championship.

Her birdie there, her sixth of the round, gave her a total of 68, four under par, and lifted her clear of Claire Waite (England), Jane Connachan (Scotland) and Penny Conley (United States).

With Laura Davies (England) and Maureen Garner (Northern Ireland) one shot further back on 70, the cream had emphatically come to the top, for all six competitors in the leading positions are former Curtis Cup players. Miss Conley played for the United States in 1964 at the age of 16, the youngest player on either side to achieve that distinction.

Mrs Grice-Whittaker formed a compelling threesome with Miss Davies and Dale Reid, a little Scottish bundle of dynamite (71 yesterday), which yet had his drawback, since the buzz of conversation and a comparatively inexperienced gallery caused some distraction. It seemed likely to rob Mrs Grice-Whittaker of a birdie at the 19th hole, but she secured a weak pitch shot, after calling for silence, by holing from 18 feet.

Her putter betrayed her at two short holes, the 12th and 17th, where she had to wield it three times. Even so this was superb golf on a superb golf course, variously likened to Royal Birkdale, Hoylake and Saunton.

LEADING FIRST ROUND SCORES (British unless stated): P. Grice-Whittaker, 68; C. Waite, J. Connachan, P. Conley, 70; L. Davies, M. Garner, 71; B. Reid, B. Van Stien, 72; J. Connachan, 73; J. Connachan, 74; J. Connachan, 75; J. Connachan, 76; J. Connachan, 77; J. Connachan, 78; J. Connachan, 79; J. Connachan, 80; J. Connachan, 81; J. Connachan, 82; J. Connachan, 83; J. Connachan, 84; J. Connachan, 85; J. Connachan, 86; J. Connachan, 87; J. Connachan, 88; J. Connachan, 89; J. Connachan, 90; J. Connachan, 91; J. Connachan, 92; J. Connachan, 93; J. Connachan, 94; J. Connachan, 95; J. Connachan, 96; J. Connachan, 97; J. Connachan, 98; J. Connachan, 99; J. Connachan, 100; J. Connachan, 101; J. Connachan, 102; J. Connachan, 103; J. Connachan, 104; J. Connachan, 105; J. Connachan, 106; J. Connachan, 107; J. Connachan, 108; J. Connachan, 109; J. Connachan, 110; J. Connachan, 111; J. Connachan, 112; J. Connachan, 113; J. Connachan, 114; J. Connachan, 115; J. Connachan, 116; J. Connachan, 117; J. Connachan, 118; J. Connachan, 119; J. Connachan, 120; J. Connachan, 121; J. Connachan, 122; J. Connachan, 123; J. Connachan, 124; J. Connachan, 125; J. Connachan, 126; J. Connachan, 127; J. Connachan, 128; J. Connachan, 129; J. Connachan, 130; J. Connachan, 131; J. Connachan, 132; J. Connachan, 133; J. Connachan, 134; J. Connachan, 135; J. Connachan, 136; J. Connachan, 137; J. Connachan, 138; J. Connachan, 139; J. Connachan, 140; J. Connachan, 141; J. Connachan, 142; J. Connachan, 143; J. Connachan, 144; J. Connachan, 145; J. Connachan, 146; J. Connachan, 147; J. Connachan, 148; J. Connachan, 149; J. Connachan, 150; J. Connachan, 151; J. Connachan, 152; J. Connachan, 153; J. Connachan, 154; J. Connachan, 155; J. Connachan, 156; J. Connachan, 157; J. Connachan, 158; J. Connachan, 159; J. Connachan, 160; J. Connachan, 161; J. Connachan, 162; J. Connachan, 163; J. Connachan, 164; J. Connachan, 165; J. Connachan, 166; J. Connachan, 167; J. Connachan, 168; J. Connachan, 169; J. Connachan, 170; J. Connachan, 171; J. Connachan, 172; J. Connachan, 173; J. Connachan, 174; J. Connachan, 175; J. Connachan, 176; J. Connachan, 177; J. Connachan, 178; J. Connachan, 179; J. Connachan, 180; J. Connachan, 181; J. Connachan, 182; J. Connachan, 183; J. Connachan, 184; J. Connachan, 185; J. Connachan, 186; J. Connachan, 187; J. Connachan, 188; J. Connachan, 189; J. Connachan, 190; J. Connachan, 191; J. Connachan, 192; J. Connachan, 193; J. Connachan, 194; J. Connachan, 195; J. Connachan, 196; J. Connachan, 197; J. Connachan, 198; J. Connachan, 199; J. Connachan, 200; J. Connachan, 201; J. Connachan, 202; J. Connachan, 203; J. Connachan, 204; J. Connachan, 205; J. Connachan, 206; J. Connachan, 207; J. Connachan, 208; J. Connachan, 209; J. Connachan, 210; J. Connachan, 211; J. Connachan, 212; J. Connachan, 213; J. Connachan, 214; J. Connachan, 215; J. Connachan, 216; J. Connachan, 217; J. Connachan, 218; J. Connachan, 219; J. Connachan, 220; J. Connachan, 221; J. Connachan, 222; J. Connachan, 223; J. Connachan, 224; J. Connachan, 225; J. Connachan, 226; J. Connachan, 227; J. Connachan, 228; J. Connachan, 229; J. Connachan, 230; J. Connachan, 231; J. Connachan, 232; J. Connachan, 233; J. Connachan, 234; J. Connachan, 235; J. Connachan, 236; J. Connachan, 237; J. Connachan, 238; J. Connachan, 239; J. Connachan, 240; J. Connachan, 241; J. Connachan, 242; J. Connachan, 243; J. Connachan, 244; J. Connachan, 245; J. Connachan, 246; J. Connachan, 247; J. Connachan, 248; J. Connachan, 249; J. Connachan, 250; J. Connachan, 251; J. Connachan, 252; J. Connachan, 253; J. Connachan, 254; J. Connachan, 255; J. Connachan, 256; J. Connachan, 257; J. Connachan, 258; J. Connachan, 259; J. Connachan, 260; J. Connachan, 261; J. Connachan, 262; J. Connachan, 263; J. Connachan, 264; J. Connachan, 265; J. Connachan, 266; J. Connachan, 267; J. Connachan, 268; J. Connachan, 269; J. Connachan, 270; J. Connachan, 271; J. Connachan, 272; J. Connachan, 273; J. Connachan, 274; J. Connachan, 275; J. Connachan, 276; J. Connachan, 277; J. Connachan, 278; J. Connachan, 279; J. Connachan, 280; J. Connachan, 281; J. Connachan, 282; J. Connachan, 283; J. Connachan, 284; J. Connachan, 285; J. Connachan, 286; J. Connachan, 287; J. Connachan, 288; J. Connachan, 289; J. Connachan, 290; J. Connachan, 291; J. Connachan, 292; J. Connachan, 293; J. Connachan, 294; J. Connachan, 295; J. Connachan, 296; J. Connachan, 297; J. Connachan, 298; J. Connachan, 299; J. Connachan, 300; J. Connachan, 301; J. Connachan, 302; J. Connachan, 303; J. Connachan, 304; J. Connachan, 305; J. Connachan, 306; J. Connachan, 307; J. Connachan, 308; J. Connachan, 309; J. Connachan, 310; J. Connachan, 311; J. Connachan, 312; J. Connachan, 313; J. Connachan, 314; J. Connachan, 315; J. Connachan, 316; J. Connachan, 317; J. Connachan, 318; J. Connachan, 319; J. Connachan, 320; J. Connachan, 321; J. Connachan, 322; J. Connachan, 323; J. Connachan, 324; J. Connachan, 325; J. Connachan, 326; J. Connachan, 327; J. Connachan, 328; J. Connachan, 329; J. Connachan, 330; J. Connachan, 331; J. Connachan, 332; J. Connachan, 333; J. Connachan, 334; J. Connachan, 335; J. Connachan, 336; J. Connachan, 337; J. Connachan, 338; J. Connachan, 339; J. Connachan, 340; J. Connachan, 341; J. Connachan, 342; J. Connachan, 343; J. Connachan, 344; J. Connachan, 345; J. Connachan, 346; J. Connachan, 347; J. Connachan, 348; J. Connachan, 349; J. Connachan, 350; J. Connachan, 351; J. Connachan, 352; J. Connachan, 353; J. Connachan, 354; J. Connachan, 355; J. Connachan, 356; J. Connachan, 357; J. Connachan, 358; J. Connachan, 359; J. Connachan, 360; J. Connachan, 361; J. Connachan, 362; J. Connachan, 363; J. Connachan, 364; J. Connachan, 365; J. Connachan, 366; J. Connachan, 367; J. Connachan, 368; J. Connachan, 369; J. Connachan, 370; J. Connachan, 371; J. Connachan, 372; J. Connachan, 373; J. Connachan, 374; J. Connachan, 375; J. Connachan, 376; J. Connachan, 377; J. Connachan, 378; J. Connachan, 379; J. Connachan, 380; J. Connachan, 381; J. Connachan, 382; J. Connachan, 383; J. Connachan, 384; J. Connachan, 385; J. Connachan, 386; J. Connachan, 387; J. Connachan, 388; J. Connachan, 389; J. Connachan, 390; J. Connachan, 391; J. Connachan, 392; J. Connachan, 393; J. Connachan, 394; J. Connachan, 395; J. Connachan, 396; J. Connachan, 397; J. Connachan, 398; J. Connachan, 399; J. Connachan, 400; J. Connachan, 401; J. Connachan, 402; J. Connachan, 403; J. Connachan, 404; J. Connachan, 405; J. Connachan, 406; J. Connachan, 407; J. Connachan, 408; J. Connachan, 409; J. Connachan, 410; J. Connachan, 411; J. Connachan, 412; J. Connachan, 413; J. Connachan, 414; J. Connachan, 415; J. Connachan, 416; J. Connachan, 417; J. Connachan, 418; J. Connachan, 419; J. Connachan, 420; J. Connachan, 421; J. Connachan, 422; J. Connachan, 423; J. Connachan, 424; J. Connachan, 425; J. Connachan, 426; J. Connachan, 427; J. Connachan, 428; J. Connachan, 429; J. Connachan, 430; J. Connachan, 431; J. Connachan, 432; J. Connachan, 433; J. Connachan, 434; J. Connachan, 435; J. Connachan, 436; J. Connachan, 437; J. Connachan, 438; J. Connachan, 439; J. Connachan, 440; J. Connachan, 441; J. Connachan, 442; J. Connachan, 443; J. Connachan, 444; J. Connachan, 445; J. Connachan, 446; J. Connachan, 447; J. Connachan, 448; J. Connachan, 449; J. Connachan, 450; J. Connachan, 451; J. Connachan, 452; J. Connachan, 453; J. Connachan, 454; J. Connachan, 455; J. Connachan, 456; J. Connachan, 457; J. Connachan, 458; J. Connachan, 459; J. Connachan, 460; J. Connachan, 461; J. Connachan, 462; J. Connachan, 463; J. Connachan, 464; J. Connachan, 465; J. Connachan, 466; J. Connachan, 467; J. Connachan, 468; J. Connachan, 469; J. Connachan, 470; J. Connachan, 471; J. Connachan, 472; J. Connachan, 473; J. Connachan, 474; J. Connachan, 475; J. Connachan, 476; J. Connachan, 477; J. Connachan, 478; J. Connachan, 479; J. Connachan, 480; J. Connachan, 481; J. Connachan, 482; J. Connachan, 483; J. Connachan, 484; J. Connachan, 485; J. Connachan, 486; J. Connachan, 487; J. Connachan, 488; J. Connachan, 489; J. Connachan, 490; J. Connachan, 491; J. Connachan, 492; J. Connachan, 493; J. Connachan, 494; J. Connachan, 495; J. Connachan, 496; J. Connachan, 497; J. Connachan, 498; J. Connachan, 499; J. Connachan, 500; J. Connachan, 501; J. Connachan, 502; J. Connachan, 503; J. Connachan, 504; J. Connachan, 505; J. Connachan, 506; J. Connachan, 507; J. Connachan, 508; J. Connachan, 509; J. Connachan, 510; J. Connachan, 511; J. Connachan, 512; J. Connachan, 513; J. Connachan, 514; J. Connachan, 515; J. Connachan, 516; J. Connachan, 517; J. Connachan, 518; J. Connachan, 519; J. Connachan, 520; J. Connachan, 521; J. Connachan, 522; J. Connachan, 523; J. Connachan, 524; J. Connachan, 525; J. Connachan, 526; J. Connachan, 527; J. Connachan, 528; J. Connachan, 529; J. Connachan, 530; J. Connachan, 531; J. Connachan, 532; J. Connachan, 533; J. Connachan, 534; J. Connachan, 535; J. Connachan, 536; J. Connachan, 537; J. Connachan, 538; J. Connachan, 539; J. Connachan, 540; J. Connachan, 541; J. Connachan, 542; J. Connachan, 543; J. Connachan, 544; J. Connachan, 545; J. Connachan, 546; J. Connachan, 547; J. Connachan, 548; J. Connachan, 549; J. Connachan, 550; J. Connachan, 551; J. Connachan, 552; J. Connachan, 553; J. Connachan, 554; J. Connachan, 555; J. Connachan, 556; J. Connachan, 557; J. Connachan, 558; J. Connachan, 559; J. Connachan, 560; J. Connachan, 561; J. Connachan, 562; J. Connachan, 563; J. Connachan, 564; J. Connachan, 565; J. Connachan, 566; J. Connachan, 567; J. Connachan, 568; J. Connachan, 569; J. Connachan, 570; J. Connachan, 571; J. Connachan, 572; J. Connachan, 573; J. Connachan, 574; J. Connachan, 575; J. Connachan, 576; J. Connachan, 577; J. Connachan, 578; J. Connachan, 579; J. Connachan, 580; J. Connachan, 581; J. Connachan, 582; J. Connachan, 583; J. Connachan, 584; J. Connachan, 585; J. Connachan, 586; J. Connachan, 587; J. Connachan, 588; J. Connachan, 589; J. Connachan, 590; J. Connachan, 591; J. Connachan, 592; J. Connachan, 593; J. Connachan, 594; J. Connachan, 595; J. Connachan, 596; J. Connachan, 597; J. Connachan, 598; J. Connachan, 599; J. Connachan, 600; J. Connachan, 601; J. Connachan, 602; J. Connachan, 603; J. Connachan, 604; J. Connachan, 605; J. Connachan, 606; J. Connachan, 607; J. Connachan, 608; J. Connachan, 609; J. Connachan, 610; J. Connachan, 611; J. Connachan, 612; J. Connachan, 613; J. Connachan, 614; J. Connachan, 615; J. Connachan, 616; J. Connachan, 617; J. Connachan, 618; J. Connachan, 619; J. Connachan, 620; J. Connachan, 621; J. Connachan, 622; J. Connachan, 623; J. Connachan, 624; J. Connachan, 625; J. Connachan, 626; J. Connachan, 627; J. Connachan, 628; J. Connachan, 629; J. Connachan, 630; J. Connachan, 631; J. Connachan, 632; J. Connachan, 633; J. Connachan, 634; J. Connachan, 635; J. Connachan, 636; J. Connachan, 637; J. Connachan, 638; J. Connachan, 639; J. Connachan, 640; J. Connachan, 641; J. Connachan, 642; J. Connachan, 643; J. Connachan, 644; J. Connachan, 645; J. Connachan, 646; J. Connachan, 647; J. Connachan, 648; J. Connachan, 649; J. Connachan, 650; J. Connachan, 651; J. Connachan, 652; J. Connachan, 653; J. Connachan, 654; J. Connachan, 655; J. Connachan, 656; J. Connachan, 657; J. Connachan, 658; J. Connachan, 659; J. Connachan, 660; J. Connachan, 661; J. Connachan, 662; J. Connachan, 663; J. Connachan, 664; J. Connachan, 665; J. Connachan, 666; J. Connachan, 667; J. Connachan, 668; J. Connachan, 669; J. Connachan, 670; J. Connachan, 671; J. Connachan, 672; J. Connachan, 673; J. Connachan, 674; J. Connachan, 675; J. Connachan, 676; J. Connachan, 677; J. Connachan, 678; J. Connachan, 679; J. Connachan, 680; J. Connachan, 681; J. Connachan, 682; J. Connachan, 683; J. Connachan, 684; J. Connachan, 685; J. Connachan, 686; J. Connachan, 687; J. Connachan, 688; J. Connachan, 689; J. Connachan, 690; J. Connachan, 691; J. Connachan, 692; J. Connachan, 693; J. Connachan, 694; J. Connachan, 695; J. Connachan, 696; J. Connachan, 697; J. Connachan, 698; J. Connachan, 699; J. Connachan, 700; J. Connachan, 701; J. Connachan, 702; J. Connachan, 703; J. Connachan, 704; J. Connachan, 705; J. Connachan, 706; J. Connachan, 707; J. Connachan, 708; J. Connachan, 709; J. Connachan, 710; J. Connachan, 711; J. Connachan, 712; J. Connachan, 713; J. Connachan, 714; J. Connachan, 715; J. Connachan, 716; J. Connachan, 717; J. Connachan, 718; J. Connachan, 719; J. Connachan, 720; J. Connachan, 721; J. Connachan, 722; J. Connachan, 723; J. Connachan, 724; J. Connachan, 725; J. Connachan, 726; J. Connachan, 727; J. Connachan, 728; J. Connachan, 729; J. Connachan, 730; J. Connachan, 731; J. Connachan, 732; J. Connachan, 733; J. Connachan, 734; J. Connachan, 735; J. Connachan, 736; J. Connachan, 737; J. Connachan, 738; J. Connachan, 739; J. Connachan, 740; J. Connachan, 741; J. Connachan, 742; J. Connachan, 743; J. Connachan, 744; J. Connachan, 745; J. Connachan, 746; J. Connachan, 747; J. Connachan, 748; J. Connachan, 749; J. Connachan, 750; J. Connachan, 751; J. Connachan, 752; J. Connachan, 753; J. Connachan, 754; J. Connachan, 755; J. Connachan, 756; J. Connachan, 757; J. Connachan, 758; J. Connachan, 759; J. Connachan, 760; J. Connachan, 761; J. Connachan, 762; J. Connachan, 763; J. Connachan, 764; J. Connachan, 765; J. Connachan, 766; J. Connachan, 767; J. Connachan, 768; J. Connachan, 769; J. Connachan, 770; J. Connachan, 771; J. Connachan, 772; J. Connachan, 773; J. Connachan, 774; J. Connachan, 775; J. Connachan, 776; J. Connachan, 777; J. Connachan, 778; J. Connachan, 779; J. Connachan, 780; J. Connachan, 781; J. Connachan, 782; J. Connachan, 783; J. Connachan, 784; J. Connachan, 785; J. Connachan, 786; J. Connachan, 787; J. Connachan, 788; J. Connachan, 789; J. Connachan, 790; J. Connachan, 791; J. Connachan, 792; J. Connachan, 793; J. Connachan, 794; J. Connachan, 795; J. Connachan, 796; J. Connachan, 797; J. Connachan, 798; J. Connachan, 799; J. Connachan, 800; J. Connachan, 801; J. Connachan, 802; J. Connachan, 803; J. Connachan, 804; J. Connachan, 805; J. Connachan, 806; J. Connachan, 807; J. Connachan, 808; J. Connachan, 809; J. Connachan, 810; J. Connachan, 811; J. Connachan, 812; J. Connachan, 813; J. Connachan, 814; J. Connachan, 815; J. Connachan, 816; J. Connachan, 817; J. Connachan, 818; J. Connachan, 819; J. Connachan, 820; J. Connachan, 821; J. Connachan, 822; J. Connachan, 823; J. Connachan, 824; J. Connachan, 825; J. Connachan, 826; J. Connachan, 827; J. Connachan, 828; J. Connachan, 829; J. Connachan, 830; J. Connachan, 831; J. Connachan, 832; J. Connachan, 833; J. Connachan, 834; J. Connachan, 835; J. Connachan, 836; J. Connachan, 837; J. Connachan, 838; J. Connachan, 839; J. Connachan, 840; J. Connachan, 841; J. Connachan, 842; J. Connachan, 843; J. Connachan, 844; J. Connachan, 845; J. Connachan, 846; J. Connachan, 847; J. Connachan, 848; J. Connachan, 849; J. Connachan, 850; J. Connachan, 851; J. Connachan, 852; J. Connachan, 853; J. Connachan, 854; J. Connachan, 855; J. Connachan, 856; J. Connachan, 857; J. Connachan, 858; J. Connachan, 859; J. Connachan, 860; J. Connachan, 861; J. Connachan, 862; J. Connachan, 863; J. Connachan, 864; J. Connachan, 865; J. Connachan, 866; J. Connachan, 867; J. Connachan, 868; J. Connachan, 869; J. Connachan, 870; J. Connachan, 871; J. Connachan, 872; J. Connachan, 873; J. Connachan, 874; J. Connachan, 875; J. Connachan, 876; J. Connachan, 877; J. Connachan, 878; J. Connachan, 879; J. Connachan, 880; J. Connachan, 881; J. Connachan, 882; J. Connachan, 883; J. Connachan, 884; J. Connachan, 885; J. Connachan, 886; J. Connachan, 887; J. Connachan, 888; J. Connachan, 889; J. Connachan, 890; J. Connachan, 891; J. Connachan, 892; J. Connachan, 893; J. Connachan, 894; J. Connachan, 895; J. Connachan, 896; J. Connachan, 897; J. Connachan, 898; J. Connachan, 899; J. Connachan, 900; J. Connachan, 901; J. Connachan, 902; J. Connachan, 903; J. Connachan, 904; J. Connachan, 905; J. Connachan, 906; J. Connachan, 907; J. Connachan, 908; J. Connachan, 909; J. Connachan, 910; J. Connachan, 911; J. Connachan, 912; J. Connachan, 913; J. Connachan, 914; J. Connachan, 915; J. Connachan, 916; J. Connachan, 917; J. Connachan, 918; J. Connachan, 919; J. Connachan, 920; J. Connachan, 921; J. Connachan, 922; J. Connachan, 923; J. Connachan, 924; J. Connachan, 925; J. Connachan, 926; J. Connachan, 927; J. Connachan, 928; J. Connachan, 929; J. Connachan, 930; J. Connachan, 931; J. Connachan, 932; J. Connachan, 933; J. Connachan, 934; J. Connachan, 935; J. Connachan, 936; J. Connachan, 937; J. Connachan, 938; J. Connachan, 939; J. Connachan, 940; J. Connachan, 941; J. Connachan, 942; J. Connachan, 943; J. Connachan, 944; J. Connachan, 945; J. Connachan, 946; J. Connachan, 947; J. Connachan, 948; J. Connachan, 949; J. Connachan, 950; J. Connachan, 951; J. Connachan, 952; J. Connachan, 953; J. Connachan, 954; J. Connachan, 955; J. Connachan, 956; J. Connachan, 957; J. Connachan, 958; J. Connachan, 959; J. Connachan, 960; J. Connachan, 961; J. Connachan, 962; J. Connachan, 963; J. Connachan, 964; J. Connachan, 965; J. Connachan, 966; J. Connachan, 967; J. Connachan, 968; J. Connachan, 969; J. Connachan, 970; J. Connachan, 971; J. Connachan, 972; J. Connachan, 9



